

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (1/04):**

BUTTER: Grade AA closed at \$1.5000. The weekly average for Grade AA is \$1.4969 (-.0006).

CHEESE: Barrels closed at \$1.7200 and 40# blocks at \$1.7600. The weekly average for barrels is \$1.7225 (+.0400) and blocks, \$1.7600 (+.0200).

BUTTER HIGHLIGHTS: Butter manufacturers cleared holiday cream supplies in most regions without too many problems. New churning facilities in the West helped manufacturers keep up with the holiday supply. Regularly operated and intermittently operated Central region churns contributed to clearing some East cream loads. Mechanical problems at one or two East region plants prompted some of those East/Central cream shipments. The last of the holiday cream is expected to run through churns by the end of this week. Retail interest is light as the holidays marked the end of active consumer interest for the near term. The recent active production of butter has increased bulk butter inventories, but manufacturers and some brokers indicate the current market price allows them to build inventories with confidence. Prices at the CME Group stepped down one-quarter cent at midweek, then regained one-half cent on Friday to close the week at 1.5000. The weekly average is \$1.4969. Trading is light.

CHEESE HIGHLIGHTS: Cheese production was increased again this week as the holidays shortened the work week. Class I bottlers were quiet early in the week and some Class II plants took advantage of the holiday to shutter manufacturing plants. Increased volumes of milk were available for cheese plants with discounts being offered to clear supplies, especially in the Midwest. Milk handling returned to normal after the holiday. Cheese prices firmed again this week despite the increased production. NFL football playoffs are expected to increase demand in the short term as fans gather for parties. As prices have turned higher, increased interest from processors for barrel cheese, brought buyers to the CME Group. Sales were active on Thursday with 12 loads sold. Block sales remain quiet at the CME. Barrel prices closed on Friday at \$1.7200 up \$.0100 from last week's close. Blocks closed the week at \$1.7600, up \$.0200.

FLUID MILK: The second week of holiday interrupted milk handling saw manufacturers scrambling, in some cases, to handle the increased volumes. Early in the week, many Class I facilities were running reduced schedules along with some Class II plants. As the holiday passed, cream was backed up in some Eastern and Southwestern plants. Dryers were busy with increased skim milk supplies and were

running full schedules to handle the volumes. Transportation issues were not uncommon as trucks were backed up and used for storage. By midweek, plants were back to normal operating schedules in most cases. Early in the week cream multiples were at a discount, but began to return to expected levels later in the week.

DRY PRODUCTS: The first week of the New Year saw active production of dry products as processors managed higher inventories of milk. Much of the added supplies went to butter/powder and cheese plants. As the holiday passed, supplies eased with the opening of more Class II plants and increased Class I demand to refill the school milk pipeline. Sales activity for many dry products was quiet with renewed business not expected until next week. Contract sales moved normally, but spot activity was quiet. Buyers and manufacturers waited to find out about Farm Bill progress in Washington before undertaking new strategies. Dryers were busy as nonfat dry milk production was increased for the early week. Much of the production was focused on low heat in order to clear volumes of condensed skim. Inventories are building, but are not considered burdensome. Increased production of SMP has helped to balance NDM supplies. Dry buttermilk production is increased with the holidays as butter churns continue to process cream supplies. The market is expressing a weaker undertone with some spot sales reported at lower prices. Dry whey prices are uneven. Domestic contract prices moved higher following various pricing indices and new 2013 contracts. Export prices remained mostly steady in a lower range. Whey protein concentrate 34% prices firmed following NDM price strength. New contracts for lactose began to take effect this week with prices mixed. Casein prices are slightly higher as 2013 prices begin to transact.

INTERNATIONAL DAIRY MARKET NEWS (DMN): **Western European** milk production has been steady to slightly higher over the yearend. Weather conditions are seasonally mild and allowing for slight growth in milk. Supplemental feeding of grains is creating more fat and protein in the milk deliveries. Milk production gains are noted over recent weeks in Germany. Milk trends for Ireland, the UK, and France, continue to be lower than year ago levels. Less than favorable conditions have affected milk and component volumes. Processing plants were running on extended schedules to process the milk supplies over the yearend holidays. Dairy product marketing has been slow and along expected levels. Market prices are mostly steady over the past month with official quotes and trades on the light side of

CONTINUED ON PAGE 1A*******SPECIALS THIS ISSUE*******

INTERNATIONAL DAIRY MARKET NEWS (PAGES 8-8B)
DAIRY FUTURES (PAGE 9)
DECEMBER MONTHLY AVERAGES AND SUMMARY (PAGES 10-12)
DECEMBER AGRICULTURAL PRICES (PAGE 13)
CONSUMER PRICE INDEX & COMMERCIAL DISAPPEARANCE (PAGE 14)

NOVEMBER DAIRY PRODUCTS HIGHLIGHTS (PAGE 15)
DECEMBER FMMO CLASS AND COMPONENT PRICES (PAGE 16)
JANUARY ANNOUNCED COOPERATIVE CLASS I PRICES (PAGE 17)
OCTOBER OVER-ORDER CHARGES ON PRODUCER MILK (PAGE 18)
GRAPHS (PAGES G1-G2)

CME GROUP CASH TRADING

COMMODITY	MONDAY DEC 31	TUESDAY JAN 01	WEDNESDAY JAN 02	THURSDAY JAN 03	FRIDAY JAN 04	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.7100 (N.C.)	CME	\$1.7300 (+.0200)	\$1.7300 (N.C.)	\$1.7200 (-.0100)	:: :: (+.0100)	:: :: \$1.7225 :: (+.0400)
40# BLOCKS	\$1.7600 (+.0200)	CLOSED	\$1.7600 (N.C.)	\$1.7600 (N.C.)	\$1.7600 (N.C.)	:: :: (+.0200)	:: :: \$1.7600 :: (+.0200)
NONFAT DRY MILK							
EXTRA GRADE	\$1.5600 (N.C.)	HOLIDAY	\$1.5600 (N.C.)	\$1.5600 (N.C.)	\$1.5600 (N.C.)	:: :: (N.C.)	:: :: \$1.5600 :: (N.C.)
GRADE A	\$1.5575 (N.C.)		\$1.5575 (N.C.)	\$1.5575 (N.C.)	\$1.5575 (N.C.)	:: :: (N.C.)	:: :: \$1.5575 :: (N.C.)
BUTTER							
GRADE AA	\$1.4975 (N.C.)		\$1.4950 (-.0025)	\$1.4950 (N.C.)	\$1.5000 (+.0050)	:: :: (+.0025)	:: :: \$1.4969 :: (-.0006)

CHEESE: carload = 40,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week.

Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/DAIRYMARKETNEWS.

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CONTINUED FROM PAGE 1**

normal, yet consistent with expectations. PSA butter stock levels are declining as more volumes are pulled out of the program. The butter is not impacting market pricing. **Eastern European** milk production patterns are trending steady. Milk output in Poland continues to move higher and remains at levels above a year ago. Product offerings are available in the region and sales are resuming after a lull over recent holidays. **NEW ZEALAND** milk production growth rates are easing as the production season progresses. Indications are that seasonal totals through October were up 6%. Official NZ forecasts are being set at zero growth for the total season, projecting further future declines based on lower output per cow and climate. **AUSTRALIAN** milk production figures for November were pegged at 1% higher than a year earlier. For specific regions the YTD seasonal changes are: Northern Victoria +8; Queensland -4%; and Gippsland -3%. The milk growth rate implications are trending lower, reflective of the drier and sporadically hot weather patterns during the last two weeks. Pastures are being irrigated in the Northern areas to supplement the lack of moisture. Water supplies are available. The dry conditions are further proving challenging in the Gippsland region. Fat and protein levels are trending lower with increased input costs putting constraints on supplemental feeding of dairy cows. Dairy product price changes are generally in holiday mode as traders and partners take additional times off around the yearend and trading is slow to resume during the first week of the New Year. Quarter 1 interest is limited to some fill in needs with most orders on the books. **g/DT Update:** Average prices at the latest g/DT auction on January 2 and changes from the previous event are: anhydrous milk fat \$3,169, -0.2%; buttermilk powder \$3,640, +1.1%; cheddar \$3,458, -1.9%; milk protein concentrate \$6,122, +1.4%; rennet casein \$8,401, -0.8%; skim milk powder \$3,572, +4.7%; and whole milk powder \$3,199, +1.6%. The next event will be held on Tuesday, January 16.

DECEMBER AGRICULTURAL PRICES (NASS): The All Milk price received by farmers was \$21.10 in December, down \$0.90 from November 2012 but up \$1.40 from December 2011. Alfalfa hay price was \$217.00 in December, up \$22.00 from December 2011. Corn price was \$7.01 in December, up \$1.15 from December 2011. Soybean price was \$14.70 in December, up \$3.20 from December 2011. The milk-feed price ratio was 1.65 in December, down 0.16 from December 2011. The index of prices received by farmers for dairy products during the month of December 2012 was down 6 points to 162. Compared with December 2011, the index was up 11 points (7.3%). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in December 2012 was down 1 point to 217. Compared with December 2011, the index was up 11 points (5.3%).

CONSUMER PRICE INDEX (BLS): The November CPI for all food is 234.9, up 1.8% from November 2011. The dairy products index is 218.9, up 0.1% from a year ago. The following are the November-to-November changes for selected products: fresh whole milk is +2.6%; cheese, -1.1%; and butter, -0.9%.

COMMERCIAL DISAPPEARANCE (ERS, AMS): Commercial disappearance of dairy products during the first ten months of 2012 totals 168.9 billion pounds, 2.3% above the same period in 2011. Comparing disappearance levels with year earlier levels: butter is +4.8%; American cheese, +2.8%; other cheese, +2.0%; NDM, +25.6%; and fluid milk products, -1.8%.

NOVEMBER 2012 DAIRY PRODUCTS HIGHLIGHTS (NASS): BUTTER production was 143.7 million pounds, 6.0% below November 2011 and 0.8% below October 2012. AMERICAN TYPE CHEESE production totaled 362.4 million pounds, 3.8% above November 2011 but 2.1% below October 2012. TOTAL CHEESE output (excluding cottage cheese) was 911.6 million pounds, 1.8% above November 2011 but 1.8% below October 2012. NONFAT DRY MILK production, for human food, totaled 115.7 million pounds, 3.8% below November 2011 but 21.7% above October 2012. DRY WHEY production, for human food, was -1A-

68.2 million pounds, 5.9% below November 2011 and 5.3% below October 2012. ICE CREAM (hard) production totaled 54.0 million gallons, 1.9% above November 2011 but 15.4% below October 2012.

DECEMBER FMMO CLASS AND COMPONENT PRICES (DAIRY PROGRAMS): The following are the December 2012 prices under the Federal Milk Order pricing system and the changes from the previous month: Class II \$18.30 (-\$0.51), Class III \$18.66 (-\$2.17), and Class IV \$17.83 (-\$0.83). Product price averages used in computing Class prices are: butter \$1.5981, NDM \$1.5384, cheese \$1.7925, and dry whey \$0.6610. The Class II butterfat price is \$1.7346 and the Class III/IV butterfat price is \$1.7276. Further information may be found at: www.ams.usda.gov/AMSV1.0/PriceFormulas2012

JANUARY ANNOUNCED COOPERATIVE CLASS I PRICES (FMMO): For January 2013, the all-city average announced cooperative Class I price was \$24.07, \$2.46 higher than the Federal milk order (FMO) Class I price average for these cities. The January 2013 Cooperative Class I price was \$2.36 lower than the December 2012 price. The January 2013 Federal order Class I price was \$2.40 lower than the December 2012 price. On an individual city basis, the difference between the Federal order and announced cooperative Class I price ranged from \$0.52 in Phoenix, AZ, to \$4.21 in Miami, FL. For January 2012, the all-city average announced cooperative Class I price was \$23.93, \$2.49 higher than the Federal order Class I price average for these cities. Note: For most cities, the Announced Cooperative Class I Price now includes premiums paid for milk produced without rBST.

OCTOBER OVER-ORDER CHARGES ON PRODUCER MILK (FMMO): For October 2012, the all reporting areas combined average over-order charge on producer milk used in Class I was \$2.12, up \$0.07 from the September 2012 average. Ninety-one percent of the producer milk used in Class I carried an over-order charge. On an individual order basis, Class I over-order charges ranged from \$0.80 in the Pacific Northwest to \$2.98 in the Florida and the Appalachian Orders. For producer milk used in Class II, the all reporting areas combined average over-order charge was \$1.28, up \$0.06 from the September 2012 average. Eighty-four percent of the producer milk used in Class II carried an over-order charge.

CME GROUP

MONDAY, DECEMBER 31, 2012

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.7600; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.5050

TUESDAY, JANUARY 1, 2013

HOLIDAY--NO TRADING

WEDNESDAY, JANUARY 2, 2013

CHEESE -- SALES: 1 CAR BARRELS @ \$1.7300; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.5400; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.4950

THURSDAY, JANUARY 3, 2013

CHEESE -- SALES: 12 CARS BARRELS: 7 @ \$1.6850, 1 @ \$1.6900, 1 @ \$1.7000, 2 @ \$1.7200, 1 @ \$1.7300; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.7125; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.4950; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.4900; LAST OFFER UNCOVERED: NONE

FRIDAY, JANUARY 4, 2013

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.7600; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.7200
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 4 CARS GRADE AA @ \$1.4950; LAST BID UNFILLED: 2 CARS GRADE AA @ \$1.5000; LAST OFFER UNCOVERED: NONE

BUTTER MARKETS**NORTHEAST**

The CME Group butter price remained unchanged Monday and closed at \$1.4975. Butter prices have held steady in the last 4 trading sessions in light trading. Cream supplies are very sloppy and churns are working at capacity levels to work through the heavy yearend holiday supplies. Some breakdowns did occur further exacerbating the cream supply situation in the East. The increase in butter production is adding to inventories. Some butter makers have scheduled some domestic and/or export orders to be filled this week, but overall butter production will quickly exceed demand. All varieties of butter, 80%, 82%, salted and unsalted are in production to fill various current and/or possible future needs. Domestic butter demand remains weak. Export demand continues to be fairly good and the 30 day contract extension, averting a Longshoremen's strike, has improved the possibility of future export shipments. Current bulk butter prices range from 4-7 cents over the market based on the CME Group with various time frames and averages used.

MIDWEST

Most plant operators in the Central region report the last of the abundant holiday cream loads will clear the churns by midweek. Churning continues to be active throughout the region. Bulk butter volumes heading to storage are on the rise. Interest in butter is light from retail accounts. Butter makers anticipate renewed interest from retailers will start in mid to late February. Bulk butter interest is higher as the recent declines in market prices make ownership and storage feasible for commercial end users. Wholesale prices declined one-quarter cent through Wednesday of this week, closing at 1.4950. Bulk butter prices reportedly range from flat market to 3 points over market. Some higher multiples were reported, with location and timing playing into pricing.

WEST

Western butter prices continued weak to lower as the year ends out. Butter production has increased over the holiday period as some other cream users were closed. This has added to inventories, but manufacturers are content to hold product at current cream prices. Milk production in the West is lower and has allowed for available cream supplies to find a home in the region. An additional butter plant has added to regional capacity with start up for the New Year. Demand continues to refill store shelves at retail and club stores after the holidays. Print sales have slowed overall. Plant difficulties at a Western manufacturer were reported to cause some delays in handling cream in the region. Prices for bulk butter range from 3 cents under to 5 cents under the market, based on the CME with various time frames and averages used. Wednesday's close on the CME Group exchange for butter is \$.0025 lower to close at \$1.4950. Activity remains light for the second week of holiday interrupted trading. No sales have been reported at the CME exchange as of Wednesday's close. Butter prices are at the lowest level since mid-June of 2012.

NATIONAL DAIRY PRODUCTS SALES REPORT**U.S. AVERAGES AND TOTAL POUNDS**

WEEK ENDING	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
December 29, 2012	1.5576 3,137,968	1.7648 10,190,185	1.7046 8,885,827	0.6579 5,840,570	1.5193 22,967,867

CHEESE MARKETS

NORTHEAST

CME Group cheese prices were mixed Monday with barrels closing unchanged at \$1.7100, but blocks advanced 2 cents to close at \$1.7600. Except for the 7 loads of barrels traded on Thursday, cheese trading has been nil over the last 4 sessions. Cheese production remains at increased levels as holiday period milk supplies have added milk volumes going to vats. Cheese inventories are building with increased volumes of cheese going into aging programs. Domestic demand is fair to good with a number of cheese makers looking for good promotions ahead of the football playoffs leading up to the Super Bowl. Cheese exporters received good news as a 30 day contract extension was agreed upon, averting a Longshoremen's strike. According to the National Dairy Retail Report, released Friday, retail cheese ads for 8 oz. block cheese in the Northeast totaled 3,870, 33.2% of the total national ad count of 11,640 and was the highest ad count for any region. Retail cheese ads for 8 oz. shredded cheese in the Northeast totaled 3,947, 23.9% of the total national ad count of 16,495 and was the highest number of ads for any region. The weighted average price for 8 oz. cheese blocks in the Northeast was \$2.33, 4 cents higher than the national weighted average price, but 4 cents lower than the previous reporting period. The weighted average price for 8 oz. shredded cheese in the Northeast was \$2.46, 14 cents more than the national weighted average price and 16 cents higher than the previous reporting period.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 40# Block	:	2.1400-2.4250
Process 5# Sliced	:	1.9000-2.0200
Muenster	:	2.1600-2.5200
Grade A Swiss Cuts 10 - 14#	:	3.8600-4.1825

MIDWEST

Wednesday's trading on the CME Group saw barrels advance 2 cents to close at \$1.7300, while blocks held steady and closed at \$1.7600. In the last 4 trading sessions block prices have increased \$0.0200, while barrels have advanced \$0.0750, regaining the typical price spread between barrels and blocks of 3 cents. The CME weekly average prices for barrels and blocks advanced, reversing a 3 week decline for barrels and a 7 week decline for blocks. The increases raised Wisconsin wholesale cheese prices with Process American 5# Loaf increasing \$0.0425, while all other cheeses with the exception of Swiss Cuts increasing \$0.0100. The Swiss Cut wholesale price was unchanged. Cheese production continues at increased levels as holiday milk volumes have expanded cheese makers' milk supplies. Inventories are expanding as cheese makers hope for increased promotions ahead of the NFL playoffs leading up to the Super Bowl to prompt an uptick in sales. Export interest remains fairly good and was supported by the 30 day contract extension agreement, averting a Longshoremen's strike on the Eastern and Gulf coasts. The avoidance of the "Milk Cliff" with an extension of current farm regulations has provided a level of relief for many in the dairy industry.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.8725-2.5775
Brick And/Or Muenster 5#	:	2.1275-2.6875
Cheddar 40# Block	:	2.1275-3.0000
Monterey Jack 10#	:	2.0975-3.0000
Blue 5#	:	2.3925-3.3775
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.9725-3.1000
Grade A Swiss Cuts 6 - 9#	:	3.3800-3.4975

WEST

Western cheese markets are steady to firm. Barrel prices have closed the gap to reflect a more typical three cent spread to blocks. Manufacturers continue to send excess milk supplies from holiday surpluses to cheese plants. Production has been increased over the last two weeks. Class I plants and other manufacturers have resumed more typical schedules to take some of the pressure off of cheese and butter makers. While cheese supplies are at manageable levels, buyers continue to show interest at current price levels. The NFL football playoffs provide anticipated additional demand with the Super Bowl a traditionally good event for cheese sales. Stocks are adequate for current needs with recent production increases adding to inventory. Cheese prices at the CME Group were mixed on Wednesday. Barrels closed \$.0200 higher at \$1.7300 and blocks were unchanged at \$1.7600. Both blocks and barrels have moved 2 cents higher by midweek. Sales at midweek of the holiday shortened period are light with one sale of barrels and no blocks sold.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.8075-2.0650
Cheddar 40# Block	:	1.8600-2.2125
Cheddar 10# Cuts	:	2.0400-2.2600
Monterey Jack 10#	:	2.0500-2.2100
Grade A Swiss Cuts 6 - 9#	:	3.4375-3.8675

FOREIGN

The weekly average CME Group block price reversed its 7 week decline and advanced this week. The increase raised domestic wholesale foreign type cheese prices by \$0.0425. Swiss cuts and import varieties were unchanged. The International Longshoremen's Association and the Maritime Alliance have come to an agreement in principle on the most sticking contract issue, container royalty payments. The two sides have also agreed to a 30 day extension, during which the parties will continue to negotiate. The deadline of the new extension is February 6, 2013. This agreement comes as a relief to many cheese importers, who are in the process of rebuilding their supplies following Hurricane Sandy and good holiday sales.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.2200	: 2.2800-3.7675*
Gorgonzola	: 3.6900-6.1900	: 2.7825-3.2375*
Parmesan (Italy)	: -0-	: 3.6700-5.7600*
Provolone (Italy)	: 3.4400-5.5800	: 2.3225-2.4800*
Romano (Cows Milk)	: -0-	: 3.4700-5.6200*
Sardo Romano (Argentina)	: 2.8500-3.9800	: -0-
Reggianito (Argentina)	: 3.2900-4.2900	: -0-
Jarlsberg-(Brand)	: 2.9500-5.2900	: -0-
Swiss Cuts Switzerland	: -0-	: 3.9575-4.2800
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER : CHEESE

	:	
12/31/12	5,257	: 115,232
12/01/12	4,881	: 114,041
CHANGE	376	: 1,191
% CHANGE	8	: 1

FLUID MILK AND CREAM

EAST

SPOT SHIPMENTS OF GRADE A MILK INTO OR OUT OF FLORIDA & SOUTHEASTERN STATES

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	188	0	94	0	45
SOUTHEAST STATES	0	0	0	0	0	0

The New Year started with some good news as the Longshoreman's strike and the "Milk Cliff" were averted or at least delayed for the time being as Longshoremen agreed to extend contract negotiations for 30 days and Congress passed measures extending current farm regulations until later this year. The good news ends in the Northeast as manufacturing milk supplies remain very heavy and unloading delays to varying degrees are occurring at nearly all plants. Operational breakdowns have added to delays at some plants. This situation should improve next week as more dairy product manufacturers resume normal production schedules and as Class I demand improves as schools return from their holiday vacations. The Mid-Atlantic region is faring better than the Northeast as good Class I demand has had a greater impact on manufacturing milk supplies. Florida milk production has increased following a spell of cooler weather increasing cow comfort levels. Class I demand has weakened and will remain weak until later this week when bottling plants refill pipelines ahead of schools opening next week. The additional milk supplies and decreased bottling demand prompted the export of 188 spot loads of milk this week. Southeast milk supplies are being handled with minimal delays and the use of auxiliary manufacturing plants are being scaled back. A number of bottling plants have added on loads as Class I demand is returning to pre-holiday levels. The number of loads rejected due to high aflatoxin levels increased over the holiday period. Cream supplies are burdensome with numerous loads moving to the Midwest at significant discounts. Nearly all available storage facilities including tankers were being used to get through the holiday period and processing the carry over supply will go into next week. Plant managers are rotating supplies as needed in order to ensure that fresh cream is available for cream based product manufacturers. Most manufacturers are limiting their cream purchases to contract levels as many are not yet back to full production schedules. Multiples were in a wide range this week, primarily due to the significant discounts needed to send cream to the Midwest. Condensed skim supplies also remain heavy with some unloading delays and Class IV production at near capacity levels at many plants. Class II manufacturers are coming back online following their holiday shutdowns, but most are limiting their condensed skim purchases to contract volumes. There are few spot sales of condensed skim milk.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, DOLLARS PER LB. BUTTERFAT:

F.O.B. producing plants: Northeast -	1.3478-1.6473
F.O.B. producing plants: Upper Midwest -	1.6023-1.6922

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.54 - 1.61
Northeast - Class III - spot prices -	1.68 - 1.75

MIDWEST

Holiday manufacturing milk volumes in the Central region increased steadily through Sunday and Monday, but now are tapering down as Class II and III plants return to regular milk processing schedules. Most plants indicate internal and spot milk loads were processed within required timeframes, although waiting times for some trucks were extended. Reports indicate intake delays extended to multiple days at one location. This week, some spot milk pricing ranged to \$6 under Class as the last of holiday milk found processing room. Fluid demand is on the rebound this week as bottlers refill retail outlets and restock for school meal programs. Condensed skim sales into cheese plants are increasing as various specialty cheese makers reopen, but condensed skim drying remains active in the region. Cream sales into Class II plants are restarting as ice cream and ice cream mix operations begin short production weeks. Spot cream availability slowed this week, but remains ample for filling spot needs. Class II cream multiples left behind flat market sales, edging higher. Most balancing plant operators indicate they are close to finishing contract negotiations for condensed skim and cream for 2013.

WEST

Weather conditions in CALIFORNIA are cool at midweek with some frost noted in the Central Valley. Cow comfort is good and less moisture is noted recently. The holidays were almost a nonevent in California this year. Milk supplies remain behind last year at this time by a significant margin at many operations. Financial stress issues have moderated a bit in the short run for producers, but no one believes that problems are over with. The December 4a price (butter/powder) in CALIFORNIA is \$17.47, down \$0.80 from November but \$0.88 higher than last year. The November 4b price (cheese) is \$16.30, \$2.18 lower than November but \$1.16 more than last year. November 2012 POOL RECEIPTS of milk in CALIFORNIA total 3.15 billion pounds 1.6% lower than last year, according to CDFR. Year to date receipts, unadjusted for extra leap day in 2012, are running 2.2% higher than a year ago. The November blend price, at a fat test of 3.83%, is \$19.86, \$0.23 higher than October, and \$1.00 more than November 2011. The percentage of receipts used in Class I products is 15.3%. The November quota price is \$20.19 and the over quota price is \$18.49. These prices are \$0.02 higher than October and \$0.88 more than a year ago. Weather conditions are much cooler and windier in ARIZONA and NEW MEXICO this week as a cold front moves through the region. High and low temperatures are down 8-13 degrees from the average. Some moisture will occur with some of it being snow at elevation. High winds will cause some transportation issues. In Phoenix, moisture for 2012 totaled only 4 1/4" compared to a normal average of 8". CREAM markets and prices are weak at the end of the year. Cream was generally handled efficiently in California, but not so in other Southwestern states. These areas experienced some equipment problems and very heavy offerings. Parking lots are full of trucks of cream waiting to unload at midweek. It will take a number of days to work through the backlog. Stocks of bulk butter are increasing in the West. Problems were minor in the Northwest handling surplus cream. The CME Grade AA butter price closed at \$1.4950 on Wednesday, January 2, down .25 cent from a week ago. Cream multiples are lower on the top end of the 90 to 110 range, and vary depending on basing points

CONTINUED ON PAGE 4A

FLUID MILK AND CREAM

CONTINUED FROM PAGE 4

and averages. Milk production in the PACIFIC NORTHWEST is mostly steady. Seasonal temperatures with rain along the coastal areas made for uneventful handling of milk supplies over the holiday period. Early in the week, expected surplus milk was diverted to processors further East with few problems. Class I demand returned after the New Year's holiday and quickly reduced the need to transport out of the region. UTAH and IDAHO milk supplies were along expected volumes. Colder weather arrived in the High Desert area, but had no negative effects on production or handling. Increased production capacity in the region, with some new manufacturers, has raised expectations for increased local milk demand going into 2013. According to the NASS hay report for December, prices for the U.S. stand at \$217/ton, up \$22 from last year. Prices for selected Western states are as follows: Arizona \$190, down \$60; California \$209, -\$31; Colorado \$245, +\$15; Idaho \$200, -\$28; Nevada \$205, -\$25; New Mexico \$236, -\$69; Oregon \$222, -\$28; Utah \$192, n/c; and Washington \$230, -\$10.

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Central nonfat dry milk prices are mostly higher as various contract indices trend higher. Premiums on some contracts also stepped higher. Contract sales dominate activity in the region. Spot interest is light. Most attention in the region turned to processing intakes as the holiday week wound down. Plant managers noted that by Monday, intakes were retreating toward non-holiday volumes. Sales of condensed skim loads on contract and spot bases garnered some interest and are expected to increase throughout the week as various Class II operations restart. Sales into bottling facilities also increased as Class I demand resurfaced post-holiday. Nonfat dry milk inventories are building as NDM production continues on an active track.

EAST: Prices for both high and low heat nonfat dry milk moved higher this week as sales based on various price indices moved the upper end of the price ranges higher. Production of nonfat dry milk continues to be at/or near capacity as milk supplies remain heavy. Most production is focused on low heat in order to more quickly clear the heavy volumes of condensed skim. Production schedules are expected to decline next week as increased volumes of condensed skim will be channeled to Class II manufacturers as they resume production following their holiday shutdowns. Manufacturers' inventories continue to build, prompting some to offer price discounts in an attempt to control supply levels. Demand for low heat nonfat dry milk remains weak as numerous buyers are holding off purchases in hopes the additional inventories will lower prices. Interest for high heat nonfat dry milk seems to have picked up from baking concerns.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.5200 - 1.6475 MOSTLY: 1.5300 - 1.6400
 HIGH HEAT: 1.6400 - 1.6975

NONFAT DRY MILK - WEST

Prices for Western low/medium heat powder were mixed, moving both higher and lower for the range and mostly. Drying of NDM is at expected levels for the holiday season. Sales activity is being called steady with inventories rated as generally in good shape. Manufacturers are satisfied with current inventory levels and are not changing their current marketing strategies. Buyers are taking normal volumes of powder in a timely fashion. The market is being looked at as balanced from both sides. Prices for high heat powder are increasing. Offerings of powder are in line with known demand. Price increases are related to other powder index strength.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.5100 - 1.6000 MOSTLY: 1.5200 - 1.5550
 HIGH HEAT: 1.5400 - 1.6600

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Central dry buttermilk prices are unchanged to lower on the bottom of the range this week. Light market test on spot loads garnered steady to lower prices. Price pressure is gaining some momentum because of the recent active Central production schedules. Dry buttermilk inventories are building steadily throughout this week as sales of condensed buttermilk into Class II plants restart sporadically.

EAST: Prices for dry buttermilk moved lower as spot sales prompted price declines on the low end of the range. Production of dry buttermilk increased over the holiday period as heavy cream supplies kept churns at/or near capacity levels. Carry over cream supplies will undoubtedly keep butter and dry buttermilk production at increased levels at least into early next week. Production is moving through contracts and adding to inventories. Numerous buyers of dry buttermilk are sitting on the sidelines waiting to see if the increased production will prompt lower dry buttermilk prices. The increase in production and declines in demand have given the market a weak undertone.

F.O.B. CENTRAL/EAST: 1.4000 - 1.6600

DRY BUTTERMILK - WEST

Prices moved lower for Western buttermilk powder in light trading. Powder production is up as there is more churning activity. Heavy churning will continue into the weekend to clear heavy cream offerings. Condensed buttermilk sales are seasonally slow. Dryers are running longer runs to handle the buttermilk coming off the churns. Capacity is adequate. Stocks of buttermilk powder are building as sales activity is seasonally slow.

F.O.B. WEST: 1.4100 - 1.5300 MOSTLY: 1.4500 - 1.5100

DRY WHOLE MILK - NATIONAL

Dry whole milk prices are unchanged for the week on limited spot market activity. Contract fulfillment is steady. Dry whole milk production is starting to reappear in dryer schedules this week as holiday milk volumes clear.

F.O.B. PRODUCING PLANT: 1.7000 - 1.8800

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
December 28	\$1.5013	18,799,127	0
December 21	\$1.5262	5,620,376	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

WHEY, WPC 34%, LACTOSE & CASEIN

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices for Central dry whey on the mostly price series shifted higher as new contract pricing begins. Some uncertainty is noted by market participants as to 2013 availability of Central dry whey due to one plant ending production in the near term. Various buyers report offers of dry whey loads from manufacturers this week were light. Dry whey production during the previous holiday period was higher for many plants compared to the non-holiday production periods, so dry whey inventories are building. Dry whey manufacturers indicate farm milk production is trending higher and will offer opportunities to increase cheese and dry whey production in January. ANIMAL FEED DRY WHEY prices are unchanged to higher as formula pricing indices move higher. Market participants reportedly are maintaining input volumes in keeping with near term finished feed needs. Sales into dairy beef and dairy replacement accounts are steady. Sales into veal accounts are uneven.

F.O.B. CENTRAL: .6300 - .6950 MOSTLY: .6400 - .6800
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4750 - .6400

DRY WHEY - NORTHEAST

Dry whey prices increased this week as the low end of the range moved higher. The lack of discounted spot loads and new 2013 pricing based on various price indices were the major factors bringing about the price increase. Production schedules for cheese and dry whey have expanded as milk volumes going into vats increased over the holiday period. Current production of dry whey is moving through contracts and adding to inventories. Domestic demand remains lackluster following the holidays. Export demand has slowed with some manufacturers now willing to provide discounts to prompt renewed interest. Exporters received good news over the holiday period with the 30 day extension of contract negotiations, averting a Longshoremen's strike that would have closed port operations on the East and Gulf coasts.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .6800 - .7175

DRY WHEY - WEST

Western dry whey prices moved higher on the upper end of both the range and mostly price series. Trading was light in a combination of year end trading and a holiday interrupted week. The market tone is described as unsettled with domestic prices steady to higher driven by contract indices. Contract buyers are reporting some pushback to the increased prices. Export sales for the week were at significant discounts to domestic pricing and were mostly steady. Whey production is higher as surplus holiday milk went to cheese plants in many cases. Although spot sales have been limited, manufacturers with some surplus inventory are comfortable to wait for sales to resume as they enter the first quarter.

NONHYGROSCOPIC: .5400 - .6850 MOSTLY: .6000 - .6600

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices for whey protein concentrate 34% are mostly higher on a firming market, following the lead of nonfat dry milk pricing trends. The recent improved availability of spot loads of WPC 34% tightened at the start of the new calendar year. Several manufacturers indicate inventories now more closely match near term contract needs. WPC 34% production increased at some plants during the holiday weeks as manufacturing milk was plentiful and offered price discounts, but cheese milk availability reverted into non-holiday mode by the middle of this week, placing a ceiling on WPC 34% production.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.2300 - 1.3300 MOSTLY: 1.2450 - 1.2800

LACTOSE - CENTRAL AND WEST

Lactose fixed pricing for Q1 contracts started this week for many accounts, and is reflected in the range and mostly price series. Several manufacturers indicate index-based contract pricing is scheduled to begin next week. Availability of multiple spot loads from one or two manufacturers is also reported this week, with packaging limiting sales appeal in the marketplace. No sales were confirmed. Several other manufacturers indicate lactose inventories closely match contract needs at this time.

Including spot sales and up to 3 month contracts.
F.O.B. EDIBLE, NON PHARMACEUTICAL .6800 - .8200 MOSTLY: .6900 - .7700

CASEIN - NATIONAL

Acid and rennet type casein prices are slightly higher with the inclusion of some Quarter 1 contract pricing beginning to transact. There is a steady to slightly firmer tone to the market. Some indications and trade sentiment point towards a tighter casein supply with reduced milk and casein output from European suppliers. Additional speculation about casein production in the shoulder of the Oceania milk season is also present. At the January 2 g/DT event, the New Zealand rennet casein price for the March 2013 contract period was \$3.8043, down 1.8% from the previous event.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 3.8000 - 4.4000
ACID: 4.5000 - 4.7500

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS EFFECTIVE NOVEMBER 1, 2009

BUTTER Bulk \$1.05 per pound; **CHEESE** 40# Blocks \$1.13 per pound; 500# Barrels \$1.10; **NONFAT DRY MILK** \$.80 per pound

The CCC Purchase table will no longer be shown unless purchases occur. Last CCC purchase: October 2009.

U.S. Dairy Cow Slaughter (000 head) under Federal Inspection & Comparable Week 2011

WEEK ENDING	WEEKLY DAIRY COWS	2012 CUMULATIVE DAIRY COWS	2011 WEEKLY DAIRY COWS	2011 CUMULATIVE DAIRY COWS
12/15/2012	66.6	2,981.4	60.7	2,854.3

WEBSITE: http://www.ams.usda.gov/mnreports/sj_ls714.txt

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2008	19.32	17.03	18.00	16.76	18.18	20.25	18.24	17.32	16.28	17.06	15.51	15.28
2009	10.78	9.31	10.44	10.78	9.84	9.97	9.97	11.20	12.11	12.82	14.08	14.98
2010	14.50	14.28	12.78	12.92	13.38	13.62	13.74	15.18	16.26	16.94	15.44	13.83
2011	13.48	17.00	19.40	16.87	16.52	19.11	21.39	21.67	19.07	18.03	19.07	18.77

CLASS IV MILK PRICES (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2008	16.29	14.67	14.17	14.56	15.26	15.92	16.60	16.64	15.45	13.62	12.25	10.35
2009	9.59	9.45	9.64	9.82	10.14	10.22	10.15	10.38	11.15	11.86	13.25	15.01
2010	13.85	12.90	12.92	13.73	15.29	15.45	15.75	15.61	16.76	17.15	16.68	15.03
2011	16.42	18.40	19.41	19.78	20.29	21.05	20.33	20.14	19.53	18.41	17.87	16.87

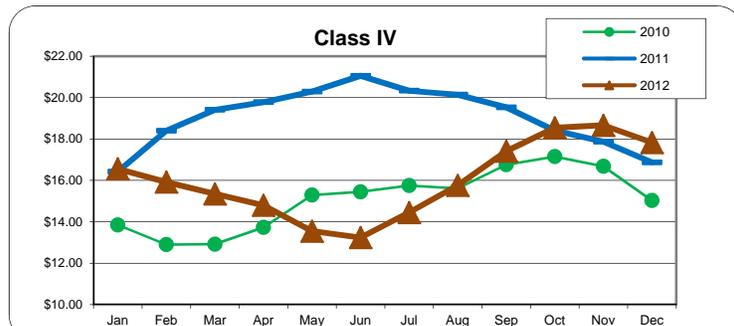
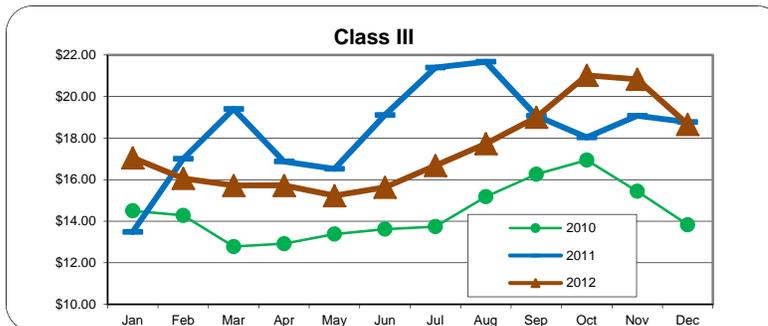
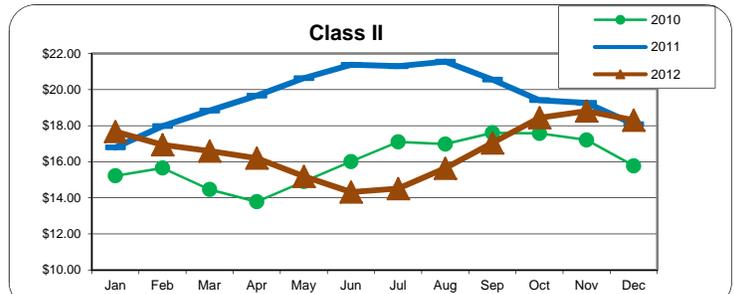
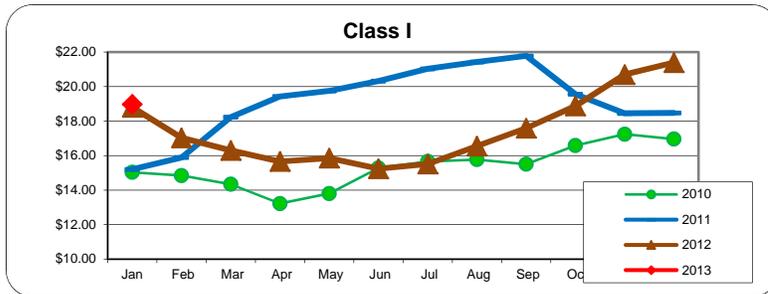
FEDERAL MILK ORDER CLASS PRICES FOR 2012 (3.5%)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	18.80	17.03	16.30	15.66	15.85	15.24	15.51	16.55	17.59	18.88	20.70	21.39
II	17.67	16.94	16.59	16.20	15.19	14.32	14.51	15.64	17.04	18.44	18.81	18.30
III	17.05	16.06	15.72	15.72	15.23	15.63	16.68	17.73	19.00	21.02	20.83	18.66
IV	16.56	15.92	15.35	14.80	13.55	13.24	14.45	15.76	17.41	18.54	18.66	17.83

FEDERAL MILK ORDER CLASS PRICES FOR 2013 (3.5%)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	18.97											
II												
III												
IV												

1/ Specific order differentials to be added to this base price can be found by going to: www.ams.usda.gov/DairyMarketingStatistics; then select "Prices"; and then select "Principal Pricing Points."



INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered December 24, 2012 - January 4, 2013

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN OVERVIEW: Western European milk production has been steady to slightly higher over the yearend. Weather conditions are seasonally mild and allowing for slight growth in milk. Supplemental feeding of grains is creating more fat and protein in the milk deliveries. Milk production gains are noted over recent weeks in Germany. Milk trends for Ireland, the UK, and France, continue to be lower than year ago levels. Less than favorable conditions have affected milk and component volumes. Processing plants were running on extended schedules to process the milk supplies over the yearend holidays. Dairy product marketing has been slow and along expected levels. Market prices are mostly steady over the past month with official quotes and trades on the light side of normal, yet consistent with expectations. PSA butter stock levels are declining as more volumes are pulled out of the program. The butter is not impacting market pricing.

BUTTER/BUTTEROIL: Prices are unchanged for European butter and the market is lightly tested during the course of the yearend holidays. Production runs were higher over the period with heavier cream volumes available and moving into butter output. Demand is light and is slow to reestablish. PSA butter stocks are indicated to be continuing to decline and program holdings are around 23,000 MT at the end of 2012. Movements back into the marketplace are expected to continue for eligible butter and the product is being readily absorbed. Export demand remains limited at current pricing levels. Holdings increased over the yearend. Butteroil pricing levels are higher, reflecting more of the fat value in the product. Butteroil remains a challenge to export at these levels as pricing for AMF from other regions is well below butteroil pricing. Yet, the trade is reporting some additional demand for butteroil.

82% BUTTERFAT: 4,300 - 4,600
99% BUTTERFAT: 4,950 - 5,500

SKIM MILK POWDER (SMP): Pricing and the market trends for European SMP are steady. Trading is described as calm. Official quotes have been difficult to obtain in the absence of trades. Drying schedules were active over the yearend holidays and offerings are available from Eastern and Western European countries. The expectations are that the market will absorb any additional short-term offerings. Demand is at low levels but is resuming as many buyers were on holiday. European SMP offered at the January 2 g/DT trading event traded at \$3,360-3,580 per MT for Q1 shipment.

1.25% BUTTERFAT: 3,400 - 3,600

SWEET WHEY POWDER: European whey prices are steady to slightly higher. The market tone is stable to firm. Demand is slowly returning to normal as the first week of 2013 progresses. Whey demand is fair to good for internal and export needs. Dry whole whey production is uneven. Some processors are shipping more whey solids to WPC and other higher protein whey powders. Holding are light to moderate to service accounts.

NONHYGROSCOPIC: 1,325 - 1,500

WHOLE MILK POWDER (WMP): Whole milk powder prices are unchanged. The market test was light over the recent holiday weeks and has been slow to reestablish. Currency strength of the Euro continues to impact pricing values of export product, making the product more challenging to export beyond sales of branded product to established customers. Traders and handlers are working to secure additional sales for future buyer needs. Production schedules were uneven among producers over the yearend.

26% BUTTERFAT: 3,850 - 4,000

EASTERN OVERVIEW: Eastern European milk production patterns are trending steady. Milk output in Poland continues to move higher and remains at levels above a year ago. Product offerings are available in the region and sales are resuming after a lull over recent holidays.

**Exchange rates for selected foreign currencies
December 31, 2012**

1.0073 Canadian Dollar	.0182 Indian Rupee
.2035 Argentina Peso	.8279 New Zealand Dollar
.0778 Mexican Peso	1.0393 Australian Dollar
.3234 Polish Zloty	.0115 Japanese Yen
	1.3195 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0778) = 12.8535 Mexican Pesos. Source: "Wall Street Journal"

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered December 24, 2012 - January 4, 2013

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

OCEANIA OVERVIEW: NEW ZEALAND milk production growth rates are easing as the production season progresses. Indications are that seasonal totals through October were up 6%. Official NZ forecasts are being set at zero growth for the total season, projecting further future declines base on lower output per cow and climate. AUSTRALIAN milk production figures for November were pegged at 1% higher than a year earlier. For specific regions the YTD seasonal changes are: Northern Victoria +8; Queensland -4%; and Gippsland -3%. The milk growth rate implications are trending lower, reflective of the drier and sporadically hot weather patterns during the last two weeks. Pastures are being irrigated in the Northern areas to supplement the lack of moisture. Water supplies are available. The dry conditions are further proving challenging in the Gippsland region. Fat and protein levels are trending lower with increased input costs putting constraints on supplemental feeding of dairy cows. Dairy product price changes are generally in holiday mode as traders and partners take additional times off around the year end and trading is slow to resume during the first week of the New Year. Quarter 1 interest is limited to some fill in needs with most orders on the books. g/DT Update: Average prices at the latest g/DT auction on January 2 and changes from the previous event are: anhydrous milk fat \$3,169, -0.2%; buttermilk powder \$3,640, +1.1%; cheddar \$3,458, -1.9%; milk protein concentrate \$6,122, +1.4%; rennet casein \$8,401, -0.8%; skim milk powder \$3,572, +4.7%; and whole milk powder \$3,199, +1.6%. The next event will be held on Tuesday, January 16.

BUTTER: Oceania butter prices and markets are mostly steady. Butter production is seasonally active with additional cream supplies available to butter churns over the extended holidays. Most butter orders are on the books for the first quarter 2013. Current demand is limited with buyers on holiday. AMF pricing levels continue to be at or near butter pricing, despite the variation of fat levels between the two products.

82% BUTTERFAT: 3,000 - 3,600

SKIM MILK POWDER (SMP): Skim milk powder prices are steady to higher with the market tone firming. Production runs were mostly steady and milk receipts along expected levels in the region. Many market participants were on holiday and trading was light. As Quarter 1 starts, traders are indicating that the books are mostly filled and sales have been good. SMP pricing at the January 2 g/DT event for all contracting periods averaged \$3,572 per MT, up 4.7% from the previous average. For the nearby trading in Contract period 2, (March 2013), prices ranged from \$3,585 to \$3,660 for NZ sourced product.

1.25% BUTTERFAT: 3,250 - 3,600

CHEDDAR CHEESE: The price range is unchanged for Oceania cheese. The market tone is firm with some price increases within the range. Domestic demand was seasonally good in Australia. Export orders on the books were moving, but new demand was slow over the yearend holiday period with buyers absent. Cheese production remains mostly steady with lower trends noted where milk is declining.

39% MAXIMUM MOISTURE: 3,800 - 4,200

WHOLE MILK POWDER (WMP): Oceania whole milk powder prices increased on the bottom end of the range, reversing the decline reported two weeks ago. The market tone is also showing more firmness. Trading activity was rather quiet and along expected levels as trade participants were inactive over the yearend. Production of WMP remained active over the holidays. Higher trends were again noted at the January 2 gDT event, with all contracting periods up 1.6% at 3,199 per MT. Contract 2 (March 2013) pricing averaged \$3,183 per MT, up 1.9%.

26% BUTTERFAT: 3,150 - 3,500

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered December 24, 2012 - January 4, 2013

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

US\$/MT	Global/Dairy Trading (g/DT) Event 83 Recap - January 02, 2013													
	Contract 1 Feb-13		Contract 2 Mar-13		Contract 3 Apr-13		Contract 4 May-13		Contract 5 Jun-13		Contract 6 Jul-13		All Contracts	
Anhydrous Milk Fat	n.a.	\$3,120	-0.5%	\$3,131	-1.0%	\$3,224	0.8%	\$3,271	-0.3%	\$3,341	1.4%	\$3,169	-0.2%	
Buttermilk Powder	n.a.	\$3,640	1.1%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$3,640	1.1%	
Cheddar	n.a.	\$3,443	-0.9%	\$3,468	-1.2%	\$3,483	-4.4%	n.a.	n.a.	n.a.	n.a.	\$3,458	-1.9%	
Lactose	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Milk Protein Concentrate	n.a.	\$6,140	1.2%	\$6,055	0.2%	\$6,150	2.9%	n.a.	n.a.	n.a.	n.a.	\$6,122	1.4%	
Rennet Casein	n.a.	\$8,387	-1.8%	\$8,406	-0.5%	\$8,421	0.7%	n.a.	n.a.	n.a.	n.a.	\$8,401	-0.8%	
Skim Milk Powder	\$3,610	5.9%	\$3,558	4.9%	\$3,615	4.6%	\$3,588	3.8%	\$3,557	2.3%	\$3,510	4.2%	\$3,572	4.7%
Whole Milk Powder	\$3,207	n.a.	\$3,183	1.9%	\$3,204	1.7%	\$3,219	1.2%	\$3,230	1.6%	\$3,215	-3.2%	\$3,199	1.6%

Average price US\$/MT and % change in indices from previous event.

US\$/Pound	Global/Dairy Trading (g/DT) Event 83 Recap - January 02, 2013													
	Contract 1 Feb-13		Contract 2 Mar-13		Contract 3 Apr-13		Contract 4 May-13		Contract 5 Jun-13		Contract 6 Jul-13		All Contracts	
Anhydrous Milk Fat	n.a.	\$1.4152	-0.5%	\$1.4202	-1.0%	\$1.4624	0.8%	\$1.4837	-0.3%	\$1.5155	1.4%	\$1.4374	-0.2%	
Buttermilk Powder	n.a.	\$1.6511	1.1%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$1.6511	1.1%	
Cheddar	n.a.	\$1.5617	-0.9%	\$1.5731	-1.2%	\$1.5799	-4.4%	n.a.	n.a.	n.a.	n.a.	\$1.5685	-1.9%	
Lactose	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Milk Protein Concentrate	n.a.	\$2.7851	1.2%	\$2.7465	0.2%	\$2.7896	2.9%	n.a.	n.a.	n.a.	n.a.	\$2.7769	1.4%	
Rennet Casein	n.a.	\$3.8043	-1.8%	\$3.8129	-0.5%	\$3.8197	0.7%	n.a.	n.a.	n.a.	n.a.	\$3.8107	-0.8%	
Skim Milk Powder	\$1.6375	5.9%	\$1.6139	4.9%	\$1.6398	4.6%	\$1.6275	3.8%	\$1.6134	2.3%	\$1.5921	4.2%	\$1.6202	4.7%
Whole Milk Powder	\$1.4547	n.a.	\$1.4438	1.9%	\$1.4533	1.7%	\$1.4601	1.2%	\$1.4651	1.6%	\$1.4583	-3.2%	\$1.4511	1.6%

Average price US\$/pound and % change from previous event.

CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume ^{1/}

Month	12/20	12/21	12/24	12/25	12/26	12/27	12/28	12/31	01/01	01/02
CME - CLASS III MILK FUTURES (Pit-Traded)										
DEC 12	18.56 (4185) 0	18.57 (4164) 0	18.57 (4166) 0	NO TRADING	18.56 (4167) 0	18.56 (4164) 0	18.61 (4164) 0	18.60 (4161) 0	NO TRADING	18.60 (4161) 38
JAN 13	17.80 (3176) 21	18.05 (3156) 0	18.37 (3245) 0		18.08 (3256) 0	18.12 (3254) 0	18.10 (3222) 10	17.91 (3294) 18		17.90 (3276) 14
FEB 13	18.02 (2501) 21	18.25 (2513) 0	18.45 (2489) 0		18.35 (2504) 0	18.36 (2511) 0	18.54 (2537) 10	18.32 (2598) 20		18.45 (2697) 15
MAR 13	18.30 (2121) 0	18.36 (2140) 33	18.44 (2143) 0		18.35 (2151) 0	18.34 (2144) 0	18.34 (2160) 16	18.19 (2189) 1		18.31 (2191) 0
APR 13	18.37 (1507) 0	18.39 (1540) 0	18.48 (1544) 0		18.49 (1546) 0	18.41 (1550) 0	18.38 (1564) 2	18.30 (1572) 0		18.30 (1576) 0
MAY 13	18.44 (1392) 0	18.43 (1414) 10	18.51 (1420) 0		18.51 (1422) 0	18.42 (1424) 0	18.44 (1428) 2	18.35 (1431) 0		18.38 (1439) 0
JUN 13	18.53 (1248) 0	18.51 (1287) 10	18.61 (1291) 0		18.59 (1291) 0	18.54 (1301) 0	18.53 (1292) 2	18.51 (1293) 0		18.57 (1296) 0
JUL 13	18.61 (949) 0	18.60 (966) 10	18.60 (970) 0		18.61 (989) 2	18.55 (991) 0	18.55 (992) 0	18.55 (1002) 0		18.58 (1008) 0
AUG 13	18.69 (909) 0	18.70 (917) 0	18.75 (922) 0		18.71 (930) 2	18.61 (944) 0	18.62 (945) 0	18.61 (954) 0		18.60 (957) 0
SEP 13	18.67 (757) 0	18.65 (760) 0	18.66 (760) 0		18.68 (771) 2	18.60 (773) 0	18.60 (776) 0	18.52 (782) 0		18.50 (790) 0
CME - CLASS IV MILK FUTURES (Pit-Traded)										
DEC 12	18.00 (171) 0	18.00 (171) 0	18.00 (171) 0	NO TRADING	18.00 (171) 0	18.00 (171) 0	18.00 (171) 0	18.00 (171) 0	NO TRADING	17.96 (172) 0
JAN 13	18.23 (152) 0	18.23 (152) 0	18.23 (152) 0		18.23 (152) 0	18.23 (152) 0	18.21 (152) 0	17.75 (152) 0		17.75 (154) 2
FEB 13	18.34 (194) 0	18.34 (194) 0	18.25 (194) 0		18.25 (194) 0	18.09 (194) 0	18.09 (194) 0	17.63 (194) 0		17.75 (196) 2
CME – CASH SETTLED BUTTER FUTURES (Electronic-Traded)										
DEC 12	159.98 (813) 0	159.98 (813) 0	159.98 (813) 0	NO TRADING	159.98 (813) 0	159.98 (813) 0	159.98 (813) 0	159.98 (813) 0	NO TRADING	159.95 (813) 0
JAN 13	159.05 (375) 15	158.50 (381) 10	157.00 (389) 9		155.75 (389) 0	155.00 (392) 6	154.00 (392) 11	151.00 (393) 1		150.55 (391) 2
FEB 13	161.23 (384) 5	161.08 (385) 1	157.03 (391) 6		157.50 (402) 24	156.00 (401) 3	155.25 (401) 5	155.00 (392) 9		154.98 (393) 4
CME – NONFAT DRY MILK FUTURES (Pit-Traded)										
DEC 12	155.45 (211) 0	155.45 (211) 0	155.45 (211) 0	NO TRADING	155.45 (211) 0	155.25 (211) 0	155.25 (211) 0	155.25 (211) 0	NO TRADING	155.25 (211) 0
JAN 13	157.00 (81) 0	157.00 (81) 0	157.00 (81) 0		157.00 (81) 0	157.00 (81) 0	156.50 (81) 0	155.75 (81) 0		155.25 (81) 0
FEB 13	159.00 (67) 0	158.00 (67) 0	158.00 (68) 0		158.00 (68) 0	157.80 (68) 0	156.50 (68) 0	155.25 (79) 0		155.50 (83) 0
CME – WHEY (Electronic-Traded)										
DEC 12	64.93 (300) 8	65.13 (301) 2	65.13 (301) 0	NO TRADING	65.13 (301) 0	65.15 (299) 2	65.35 (299) 0	66.00 (300) 1	NO TRADING	66.00 (300) 0
JAN 13	60.60 (224) 21	61.08 (221) 6	62.00 (217) 8		62.00 (217) 1	62.50 (216) 9	63.48 (218) 2	63.48 (222) 9		63.48 (222) 0
FEB 13	57.03 (199) 19	57.03 (199) 0	59.00 (200) 5		59.00 (200) 0	59.10 (206) 9	60.00 (206) 1	60.00 (206) 0		60.45 (206) 1
CME – CHEESE CSC (Electronic-Traded)										
DEC 12	1.79 (1504) 1	1.79 (1504) 0	1.79 (1504) 0	NO TRADING	1.79 (1504) 0	1.79 (1504) 0	1.79 (1504) 0	1.79 (1504) 0	NO TRADING	1.79 (1504) 0
JAN 13	1.74 (979) 36	1.77 (977) 8	1.79 (981) 35		1.76 (979) 4	1.76 (979) 14	1.76 (977) 5	1.74 (979) 17		1.74 (979) 0
FEB 13	1.77 (677) 29	1.79 (677) 3	1.82 (680) 26		1.81 (682) 2	1.81 (683) 10	1.81 (681) 8	1.79 (682) 2		1.80 (685) 9
MAR 13	1.81 (565) 10	1.83 (561) 20	1.83 (572) 26		1.82 (571) 41	1.81 (569) 17	1.82 (569) 2	1.79 (608) 0		1.80 (607) 1
APR 13	1.83 (253) 40	1.82 (246) 12	1.83 (244) 8		1.83 (244) 6	1.83 (243) 10	1.83 (262) 10	1.81 (264) 2		1.81 (271) 8
MAY 13	1.83 (234) 33	1.84 (228) 6	1.84 (234) 6		1.84 (234) 6	1.83 (235) 3	1.83 (236) 1	1.82 (240) 12		1.82 (240) 0

^{1/} At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-278-4142.)

MONTHLY SUMMARY AND AVERAGES FOR DECEMBER 2012 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	:::REPORT NUMBER 49	:::REPORT NUMBER 50	:::REPORT NUMBER 51	:::REPORT NUMBER 52	:::REPORT NUMBER 1	::: 2012	: 2011
	:::-----	:::-----	:::-----	:::-----	:::-----	::: Average	: Average
	::: DEC 03 - 07	::: DEC 10 - 14	::: DEC 17 - 21	::: DEC 24 - 28	::: DEC 31	::: or Total	: or Total
CHEESE							
WISCONSIN (WSP, Delivered, LTL)							
-- Process American 5# Loaf	:: 1.9400 - 2.6450	:: 1.8700 - 2.5750	:: 1.8325 - 2.5375	:: 1.8300 - 2.5350	:: 1.8725 - 2.5775	:: 2.2228	: 2.1797
-- Brick And/Or Muenster 5#	:: 2.2025 - 2.7625	:: 2.1500 - 2.7100	:: 2.1350 - 2.6950	:: 2.1175 - 2.6775	:: 2.1275 - 2.6875	:: 2.4318	: 2.3146
-- Cheddar 40# Block	:: 2.2025 - 3.0750	:: 2.1500 - 3.0225	:: 2.1350 - 3.0075	:: 2.1175 - 2.9900	:: 2.1275 - 3.0000	:: 2.5880	: 2.5164
-- Monterey Jack 10#	:: 2.1725 - 3.0750	:: 2.1200 - 3.0225	:: 2.1050 - 3.0075	:: 2.0875 - 2.9900	:: 2.0975 - 3.0000	:: 2.5730	: 2.5057
-- Blue 5#	:: 2.4675 - 3.4525	:: 2.4150 - 3.4000	:: 2.4000 - 3.3850	:: 2.3825 - 3.3675	:: 2.3925 - 3.3775	:: 2.9093	: 2.7889
-- Mozzarella 5 - 6#	:: 2.0475 - 3.1750	:: 1.9950 - 3.1225	:: 1.9800 - 3.1075	:: 1.9625 - 3.0900	:: 1.9725 - 3.1000	:: 2.5605	: 2.4932
-- Grade A Swiss Cuts 6 - 9#	:: 3.1500 - 3.2675	:: 3.3800 - 3.4975	:: 3.3800 - 3.4975	:: 3.3800 - 3.4975	:: 3.3800 - 3.4975	:: 3.3813	: 3.1352
NORTHEAST (WSP, Delivered, LTL)							
-- Cheddar 40# Block	:: 2.2150 - 2.5000	:: 2.1625 - 2.4475	:: 2.1475 - 2.4325	:: 2.1300 - 2.4150	:: 2.1400 - 2.4250	:: 2.3068	: 2.1215
-- Process 5# Sliced	:: 1.9675 - 2.0875	:: 1.8975 - 2.0175	:: 1.8600 - 1.9800	:: 1.8575 - 1.9775	:: 1.9000 - 2.0200	:: 1.9578	: 1.8066
-- Muenster	:: 2.2350 - 2.5950	:: 2.1825 - 2.5425	:: 2.1675 - 2.5275	:: 2.1500 - 2.5100	:: 2.1600 - 2.5200	:: 2.3643	: 2.1677
-- Grade A Swiss Cuts 10 - 14#	:: 3.6300 - 3.9525	:: 3.8600 - 4.1825	:: 3.8600 - 4.1825	:: 3.8600 - 4.1825	:: 3.8600 - 4.1825	:: 3.9638	: 3.6919
WEST COAST (WSP, Delivered, LTL)							
-- Process 5# Loaf	:: 1.8750 - 2.1325	:: 1.8050 - 2.0625	:: 1.7675 - 2.0250	:: 1.7650 - 2.0225	:: 1.8075 - 2.0650	:: 1.9340	: 1.8926
-- Cheddar 40# Block	:: 1.9350 - 2.2875	:: 1.8825 - 2.2350	:: 1.8675 - 2.2200	:: 1.8500 - 2.2025	:: 1.8600 - 2.2125	:: 2.0605	: 1.9727
-- Cheddar 10# Cuts	:: 2.1150 - 2.3350	:: 2.0625 - 2.2825	:: 2.0475 - 2.2675	:: 2.0300 - 2.2500	:: 2.0400 - 2.2600	:: 2.1743	: 2.0865
-- Monterey Jack 10#	:: 2.1250 - 2.2850	:: 2.0725 - 2.2325	:: 2.0575 - 2.2175	:: 2.0400 - 2.2000	:: 2.0500 - 2.2100	:: 2.1543	: 2.0665
-- Grade A Swiss Cuts 6 - 9#	:: 3.2075 - 3.6375	:: 3.4375 - 3.8675	:: 3.4375 - 3.8675	:: 3.4375 - 3.8675	:: 3.4375 - 3.8675	:: 3.5950	: 3.3232
FLUID PRODUCTS							
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)							
-- Northeast - f.o.b	:: 1.7194 - 2.0469	:: 1.6664 - 1.8568	:: 1.5940 - 1.8331	:: 1.3239 - 1.7133	:: 1.3478 - 1.6473	:: 1.7182	: 2.0455
-- Upper Midwest - f.o.b	:: 1.7194 - 1.9323	:: 1.7774 - 1.8727	:: 1.5940 - 1.7600	:: 1.5575 - 1.6821	:: 1.6023 - 1.6922	:: 1.7383	: 1.9666
PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.							
-- Class II	:: 1.55 - 1.59	:: 1.50 - 1.59	:: 1.50 - 1.59	:: 1.29 - 1.54	:: 1.54 - 1.61	:: 1.5268	: 1.5368
-- Class III	:: 1.71 - 1.75	:: 1.68 - 1.77	:: 1.68 - 1.77	:: 1.48 - 1.68	:: 1.68 - 1.75	:: 1.6968	: 1.5650

MONTHLY SUMMARY AND AVERAGES FOR DECEMBER 2012 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	::REPORT NUMBER 49		::REPORT NUMBER 50		::REPORT NUMBER 51		::REPORT NUMBER 52		::REPORT NUMBER 1		2012	2011
	::-----::		::-----::		::-----::		::-----::		::-----::		Average	Average
	DEC 03 - 07	DEC 10 - 14	DEC 17 - 21	DEC 24 - 28	DEC 31	or Total	or Total					
DRY PRODUCTS												
NONFAT DRY MILK												
-- Central And East (f.o.b.)												
-- Low/Medium Heat	:: 1.5200 - 1.6050	:: 1.5100 - 1.6150	:: 1.5100 - 1.6275	:: 1.5100 - 1.6300	:: 1.5200 - 1.6475	:: 1.5666	:: 1.4519					
-- Mostly	:: 1.5300 - 1.5900	:: 1.5300 - 1.6000	:: 1.5300 - 1.6125	:: 1.5300 - 1.6150	:: 1.5300 - 1.6400	:: 1.5678	:: 1.4475					
-- High Heat	:: 1.6400 - 1.6800	:: 1.6500 - 1.6800	:: 1.6500 - 1.6800	:: 1.6400 - 1.6800	:: 1.6400 - 1.6975	:: 1.6629	:: 1.5820					
-- West (f.o.b.)												
-- Low/Medium Heat	:: 1.4900 - 1.5800	:: 1.5000 - 1.5900	:: 1.5000 - 1.6000	:: 1.5000 - 1.6050	:: 1.5100 - 1.6000	:: 1.5458	:: 1.4099					
-- Mostly	:: 1.5100 - 1.5500	:: 1.5100 - 1.5500	:: 1.5100 - 1.5600	:: 1.5100 - 1.5600	:: 1.5200 - 1.5550	:: 1.5326	:: 1.4010					
-- High Heat	:: 1.5200 - 1.6200	:: 1.5200 - 1.6300	:: 1.5200 - 1.6400	:: 1.5200 - 1.6450	:: 1.5400 - 1.6600	:: 1.5778	:: 1.4861					
WHEY POWDER (Nonhygroscopic)												
-- Central (f.o.b.)	:: 0.6000 - 0.6750	:: 0.5700 - 0.6800	:: 0.5700 - 0.6900	:: 0.5700 - 0.6850	:: 0.6300 - 0.6950	:: 0.6318	:: 0.6509					
-- Mostly	:: 0.6250 - 0.6525	:: 0.6300 - 0.6525	:: 0.6300 - 0.6500	:: 0.6300 - 0.6500	:: 0.6400 - 0.6800	:: 0.6410	:: 0.6439					
-- West (f.o.b.)	:: 0.5800 - 0.6750	:: 0.5800 - 0.6750	:: 0.5400 - 0.6825	:: 0.5400 - 0.6725	:: 0.5400 - 0.6850	:: 0.6184	:: 0.6565					
-- Mostly	:: 0.6100 - 0.6650	:: 0.6100 - 0.6650	:: 0.6000 - 0.6600	:: 0.6000 - 0.6500	:: 0.6000 - 0.6600	:: 0.6328	:: 0.6656					
-- Northeast (f.o.b.)	:: 0.6800 - 0.7000	:: 0.6775 - 0.7050	:: 0.6600 - 0.7200	:: 0.5800 - 0.7200	:: 0.6800 - 0.7175	:: 0.6828	:: 0.6668					
WHEY PROTEIN CONCENTRATE												
-- Central And West (f.o.b.)												
-- Extra Grade 34% Protein	:: 1.2000 - 1.3300	:: 1.1800 - 1.3300	:: 1.1800 - 1.3300	:: 1.1800 - 1.3300	:: 1.2300 - 1.3300	:: 1.2588	:: 1.4667					
-- Mostly	:: 1.2325 - 1.2650	:: 1.2325 - 1.2650	:: 1.2325 - 1.2600	:: 1.2325 - 1.2600	:: 1.2450 - 1.2800	:: 1.2483	:: 1.4600					
ANIMAL FEED - WHEY												
-- Central (f.o.b.)												
-- Milk Replacer	:: 0.4750 - 0.6300	:: 0.4750 - 0.6300	:: 0.4750 - 0.6300	:: 0.4750 - 0.6300	:: 0.4750 - 0.6400	:: 0.5528	:: 0.5522					
BUTTERMILK (Min. 30% protein)												
-- Central And East (f.o.b.)	:: 1.5600 - 1.6600	:: 1.5300 - 1.6600	:: 1.5300 - 1.6600	:: 1.5300 - 1.6600	:: 1.4000 - 1.6600	:: 1.5955	:: 1.3545					
-- West (f.o.b.)	:: 1.4500 - 1.5500	:: 1.4500 - 1.5500	:: 1.4500 - 1.5500	:: 1.4500 - 1.5500	:: 1.4100 - 1.5300	:: 1.4985	:: 1.3377					
-- Mostly	:: 1.4700 - 1.5000	:: 1.4700 - 1.5100	:: 1.4700 - 1.5150	:: 1.4700 - 1.5150	:: 1.4500 - 1.5100	:: 1.4894	:: 1.3664					
WHOLE MILK POWDER												
-- National (f.o.b.)	:: 1.7000 - 1.8800	:: 1.7000 - 1.8800	:: 1.7000 - 1.8800	:: 1.7000 - 1.8800	:: 1.7000 - 1.8800	:: 1.7900	:: 1.8414					
LACTOSE												
-- Central And West (f.o.b.)	:: 0.6875 - 0.9300	:: 0.5200 - 0.8900	:: 0.5300 - 0.8700	:: 0.5300 - 0.8700	:: 0.6800 - 0.8200	:: 0.7309	:: 0.7569					
-- Mostly	:: 0.7500 - 0.8200	:: 0.7200 - 0.8200	:: 0.7200 - 0.8200	:: 0.7200 - 0.8200	:: 0.6900 - 0.7700	:: 0.7718	:: 0.7684					
CASEIN - Edible - National (f.o.b.)												
-- Nonrestricted - Rennet	:: 3.7000 - 4.4000	:: 3.7000 - 4.4000	:: 3.7000 - 4.4000	:: 3.7000 - 4.4000	:: 3.8000 - 4.4000	:: 4.0525	:: 4.8250					
-- Nonrestricted - Acid	:: 4.4500 - 4.7500	:: 4.4500 - 4.7500	:: 4.4500 - 4.7500	:: 4.4500 - 4.7500	:: 4.5000 - 4.7500	:: 4.6013	:: 5.0750					

1/ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.

CME GROUP AVERAGES FOR DECEMBER 2012

COMMODITY	REPORT NUMBER 49 DEC 3 - 7	REPORT NUMBER 50 DEC 10 - 14	REPORT NUMBER 51 DEC 17 - 21	REPORT NUMBER 52 DEC 24 - 28	REPORT NUMBER 1 DEC 31	2012 * Average	2011 * Average
BUTTER*							
-- GRADE AA							
--Monday	1.5900	1.5900	1.5700	1.4975	1.4975		
--Tuesday	1.5800	1.5950	1.5700	1/			
--Wednesday	1.5850	1.5950	1.5600	1.4975			
--Thursday	1.5900	1.5950	1.5500	1.4975			
--Friday	1.5900	1.5950	1.5375	1.4975		1.5590	1.6119
--Weekly Average**	1.5870	1.5940	1.5575	1.4975			
CHEESE*							
-- BARRELS							
--Monday	1.7025	1.6600	1.6300	1.6550	1.7100		
--Tuesday	1.7025	1.6600	1.6300	1/			
--Wednesday	1.6800	1.6500	1.6375	1.6550			
--Thursday	1.6600	1.6250	1.6500	1.7100			
--Friday	1.6600	1.6250	1.6550	1.7100		1.6634	1.5839
--Weekly Average**	1.6810	1.6440	1.6405	1.6825			
-- 40# BLOCKS							
--Monday	1.7600	1.7600	1.7250	1.7400	1.7600		
--Tuesday	1.7600	1.7600	1.7200	1/			
--Wednesday	1.7600	1.7600	1.7200	1.7400			
--Thursday	1.7600	1.7250	1.7400	1.7400			
--Friday	1.7600	1.7250	1.7400	1.7400		1.7448	1.6170
--Weekly Average**	1.7600	1.7460	1.7290	1.7400			
NONFAT DRY MILK*							
-- EXTRA GRADE							
--Monday	1.5600	1.5600	1.5600	1.5600	1.5600		
--Tuesday	1.5600	1.5600	1.5600	1/			
--Wednesday	1.5600	1.5600	1.5600	1.5600			
--Thursday	1.5600	1.5600	1.5600	1.5600			
--Friday	1.5600	1.5600	1.5600	1.5600		1.5600	1.4800
--Weekly Average**	1.5600	1.5600	1.5600	1.5600			
-- GRADE A							
--Monday	1.5575	1.5575	1.5575	1.5575	1.5575		
--Tuesday	1.5575	1.5575	1.5575	1/			
--Wednesday	1.5575	1.5575	1.5575	1.5575			
--Thursday	1.5575	1.5575	1.5575	1.5575			
--Friday	1.5575	1.5575	1.5575	1.5575		1.5575	1.4500
--Weekly Average**	1.5575	1.5575	1.5575	1.5575			

* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.
 ** Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

1/ CME closed on December 25.

DECEMBER AGRICULTURAL PRICES HIGHLIGHTS

The All Milk price received by farmers was \$21.10 in December, down \$0.90 from November 2012 but up \$1.40 from December 2011. Alfalfa hay price was \$217.00 in December, up \$22.00 from December 2011. Corn price was \$7.01 in December, up \$1.15 from December 2011. Soybean price was \$14.70 in December, up \$3.20 from December 2011. The milk-feed price ratio was 1.65 in December, down 0.16 from December 2011.

The index of prices received by farmers for dairy products during the month of December 2012 was down 6 points to 162. Compared with December 2011, the index was up 11 points (7.3 percent). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in December 2012 was down 1 point to 217. Compared with December 2011, the index was up 11 points (5.3 percent).

SELECTED MILK PRICES, MILK COWS, AND FEED PRICES, SELECTED STATES AND U.S., DECEMBER 2012 WITH COMPARISONS

State	All-Milk price ^{1/2/}				Alfalfa hay, baled		Corn for Grain		Soybeans	
	Dollars per cwt.				Dollars per ton		Dollars per bushel		Dollars per bushel	
	November		December		December		December		December	
	2011	2012	2011	2012 ^{3/}	2011	2012 ^{3/}	2011	2012 ^{3/}	2011	2012 ^{3/}
AZ	19.60	21.00	19.10	20.70	250.00	190.00	---	---	---	---
CA	18.92	19.82	17.40	18.80	240.00	209.00	---	---	---	---
CO	19.90	22.20	19.10	21.50	230.00	245.00	6.09	6.79	---	---
ID	19.20	21.20	18.40	19.50	228.00	200.00	---	---	---	---
IN	21.00	22.50	20.40	22.10	---	---	6.02	7.45	11.90	15.00
IA	21.20	23.10	20.40	22.90	142.00	220.00	5.78	7.00	11.30	14.60
MI	21.00	22.40	20.60	22.20	120.00	220.00	5.64	6.80	11.20	14.20
MN	21.70	23.30	21.00	21.70	140.00	245.00	5.52	6.90	11.20	14.50
NM	18.90	20.70	18.80	20.70	305.00	236.00	---	---	---	---
NY	21.60	22.80	20.70	22.20	105.00	242.00	---	---	---	---
OH	21.60	23.10	21.10	22.70	183.00	262.00	6.04	7.13	11.80	14.80
PA	22.20	23.60	21.40	23.10	194.00	238.00	6.63	7.16	---	---
TX	20.70	22.00	20.00	22.00	270.00	251.00	6.52	7.33	---	---
WA	21.00	22.00	19.90	21.10	240.00	230.00	---	---	---	---
WI	21.40	23.20	20.90	21.40	130.00	235.00	5.73	6.95	11.40	14.50
U.S.	20.50	22.00	19.70	21.10	195.00	217.00	5.86	7.01	11.50	14.70

^{1/} Prices are shown at reported butterfat test. ^{2/} Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies.

^{3/} Preliminary.

MILK-FEED PRICE RATIO, SELECTED STATES AND U.S., DECEMBER 2012 WITH COMPARISONS

Milk-feed: pounds of 16% mixed dairy feed equal in value to 1 pound of whole milk ^{1/}			
State ^{2/}	December 2011	November 2012	December 2012 ^{3/}
IA	2.11	1.82	1.78
MI	2.27	1.74	1.76
MN	2.24	1.83	1.64
OH	1.95	1.63	1.64
WI	2.22	1.92	1.64
U.S.	1.81	1.73	1.65

^{1/} The price of commercial prepared dairy feed is based on current United States prices received for corn, soybeans, and alfalfa. The modeled feed uses 51 percent corn, 8 percent soybeans, and 41 percent alfalfa hay. ^{2/} Available states that provided all necessary data to compute milk feed price ratios.

^{3/} Preliminary.

GENERAL PRICE MEASURES, U.S., DECEMBER 2012 WITH COMPARISONS

Item	December 2011	November 2012	December 2012 ^{1/}
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for dairy products	151	168	162
Prices paid by farmers for commodities and services, interest taxes, and wage rates	206	218	217

^{1/} Preliminary.

Source: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Agricultural Prices, December 2012.*

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE ^{1/}

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish, and Eggs	
	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}
SEP 2012	234.3	1.6	215.3	-1.9	208.3	-3.8	220.1	-3.1	197.9	-8.2	231.6	1.9
OCT 2012	234.9	1.7	217.1	-1.1	212.5	-1.3	223.1	-1.8	196.0	-8.1	232.9	2.2
NOV 2012	234.9	1.8	218.9	0.1	217.9	2.6	223.2	-1.1	198.7	-0.9	232.3	2.1
U.S. City Average Retail Prices												
Month	Whole Milk ^{4/}		Butter ^{5/}		Process Cheese ^{6/}		Natural Cheese ^{7/}		Ice Cream ^{8/}			
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	Dollars											
SEP	3.469	3.715	N/A	3.656	4.127	4.281	5.575	5.707	4.893	4.805		
OCT	3.524	3.622	N/A	3.663	4.093	4.360	5.635	5.702	5.128	5.209		
NOV	3.536	3.557	N/A	3.323	4.188	4.367	5.833	5.630	5.036	5.218		

N/A = Not available. ^{1/} "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. ^{2/} The standard reference base period for these indexes is 1982-1984 = 100. ^{3/} Percent change over previous year. ^{4/} Per gallon. ^{5/} Per pound. Grade AA, salted, stick butter. ^{6/} Per pound, any size and type of package. ^{7/} Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). ^{8/} Per 1/2 gallon prepackaged regular.

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS – AUGUST 2011-OCTOBER 2012 AND YEAR-TO-DATE 2011-2012 ^{1/}

Item	Aug.-Oct. 2011	Percent change ^{2/}	Aug.-Oct. 2012	Percent change ^{2/}	Jan.-Oct. 2011	Percent change ^{2/}	Jan.-Oct. 2012	Percent change ^{2/}
	Million Pounds							
MILK								
Production	48,498	2.0	48,327	-0.4	163,845	1.7	167,426	1.8
Marketings	48,249	2.0	48,078	-0.4	163,022	1.7	166,604	1.9
Beginning Commercial Stocks ^{3/}	13,625	-0.6	14,115	3.6	10,927	-3.6	10,983	0.5
Imports ^{3/}	810	-6.5	924	14.1	2,375	-4.3	2,715	13.9
Total Supply ^{4/}	62,684	1.3	63,117	0.7	176,324	1.2	180,302	1.7
Ending Commercial Stocks ^{3/}	11,744	0.9	11,395	-3.0	11,744	0.9	11,395	-3.0
Net Removals ^{3/}	0	0.0	0	0.0	0	-100.0	0	0.0
Commercial Disappearance ^{4/}	50,940	1.4	51,722	1.5	164,580	1.3	168,907	2.3
SELECTED PRODUCTS ^{5/}								
Butter	480.8	12.8	509.5	6.0	1,452.5	10.9	1,527.0	4.8
American Cheese	1,061.2	-0.7	1,132.1	6.7	3,541.8	0.1	3,652.0	2.8
Other Cheese	1,708.6	2.9	1,725.8	1.0	5,489.8	4.7	5,614.8	2.0
Nonfat Dry Milk	369.2	-11.6	310.9	-15.8	1,245.8	-5.3	1,569.7	25.6
Fluid Milk Products ^{6/}	13,615.3	-0.6	13,444.7	-1.3	44,515.5	-1.5	43,876.5	-1.8

^{1/} Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. ^{2/} From year earlier on a daily average basis. ^{3/} Milk-equivalent, milkfat basis. ^{4/} Totals may not add because of rounding. ^{5/} Commercial disappearance in product pounds. ^{6/} Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition.

Source: U.S. Department of Agriculture. Economic Research Service. Agricultural Marketing Service. *Fluid Milk Products*.

NOVEMBER 2012 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 143.7 million pounds, 6.0 percent below November 2011 and 0.8 percent below October 2012. **AMERICAN TYPE CHEESE** production totaled 362.4 million pounds, 3.8 percent above November 2011 but 2.1 percent below October 2012. **TOTAL CHEESE** output (excluding cottage cheese) was 911.6 million pounds, 1.8 percent above November 2011 but 1.8 percent below October 2012. **NONFAT DRY MILK** production, for human food, totaled 115.7 million pounds, 3.8 percent below November 2011 but 21.7 percent above October 2012. **DRY WHEY** production, for human food, was 68.2 million pounds, 5.9 percent below November 2011 and 5.3 percent below October 2012. **ICE CREAM** (hard) production totaled 54.0 million gallons, 1.9 percent above November 2011 but 15.4 percent below October 2012.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	NOV 2012	PERCENT CHANGE FROM:			PRODUCT	NOV 2012	PERCENT CHANGE FROM:		
	1,000 LBS.	NOV 2011	OCT 2012	YEAR TO DATE 1/		1,000 LBS.	NOV 2011	OCT 2012	YEAR TO DATE 1/
BUTTER	143,676	-6.0	-0.8	2.5	SOUR CREAM	124,321	0.4	7.8	2.5
CHEESE					YOGURT (PLAIN AND FLAVORED)	324,476	3.3	-13.7	3.8
AMERICAN TYPES 2/	362,446	3.8	-2.1	2.6	DRY WHEY, HUMAN FOOD	68,198	-5.9	-5.3	---
CHEDDAR	255,340	1.4	-2.7	1.3	DRY WHEY, ANIMAL FEED	3,327	-35.5	-10.4	---
OTHER AMERICAN	107,106	9.9	-0.6	---	DRY WHEY, TOTAL 8/	71,525	-7.8	-5.5	-0.9
BRICK & MUENSTER	13,250	-4.5	-4.2	---	REDUCED LACTOSE AND MINERALS				
CREAM & NEUFCHATEL	78,785	12.2	-0.3	---	HUMAN FOOD	1,883	-20.0	-16.0	---
HISPANIC	17,759	-2.3	-9.4	---	ANIMAL FEED	5,601	8.2	13.4	---
TOTAL ITALIAN TYPES	383,352	-0.5	-1.2	1.3	LACTOSE, HUMAN FOOD & ANIMAL FEED	80,479	-1.5	-2.9	2.9
MOZZARELLA	296,085	0.2	-0.4	1.3	WHEY PROTEIN CONCENTRATE				
OTHER ITALIAN	87,267	-2.9	-4.1	---	HUMAN FOOD 9/	34,380	-0.2	0.3	---
SWISS	24,887	-5.5	-7.6	---	ANIMAL FEED 9/	2,159	-9.2	-21.0	---
ALL OTHER TYPES	13,197	-20.9	-3.8	---	TOTAL 9/	36,539	-0.8	-1.3	3.1
TOTAL	911,571	1.8	-1.8	2.5	25.0-49.9 PERCENT 10/	19,145	-7.8	-4.7	---
COTTAGE CHEESE, CURD 3/	31,532	-7.5	-8.3	---	50.0-89.9 PERCENT 10/	17,394	8.3	2.7	---
COTTAGE CHEESE, CREAM 4/	24,934	2.4	-6.6	-2.4	WHEY PROTEIN ISOLATES 11/	5,518	6.7	-0.9	---
COTTAGE CHEESE, LOWFAT 5/	28,228	-8.1	-13.7	1.2	FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
CANNED EVAP & CONDSO WHOLE MILK	(D)	(X)	(X)	---	ICE CREAM (HARD)	54,047	1.9	-15.4	-1.7
DRY BUTTERMILK	8,691	0.8	1.1	---	ICE CREAM, LOWFAT (HARD)	10,655	-7.7	-28.1	---
DRY WHOLE MILK	5,270	-0.5	-3.4	---	ICE CREAM, LOWFAT (SOFT)	14,344	-13.3	-17.2	---
MILK PROTEIN CONC. (MPC), TOTAL 6/	8,799	59.9	49.4	---	ICE CREAM, LOWFAT (TOTAL)	24,999	-11.0	-22.2	-3.0
NONFAT DRY MILK (NDM), HUMAN	115,709	-3.8	21.7	19.0	SHERBET, HARD	2,568	-1.8	-9.4	-4.2
SKIM MILK POWDERS (SMP) 7/	44,723	13.0	-2.0	-17.6	FROZEN YOGURT (TOTAL)	3,447	-11.3	-28.6	2.8

MANUFACTURERS' STOCKS, END OF MONTH 12/

PRODUCT	NOV 2012	PERCENT OF:		PRODUCT	NOV 2012	PERCENT OF:	
	1,000 LBS.	NOV 2011	OCT 2012		1,000 LBS.	NOV 2011	OCT 2012
DRY WHEY, HUMAN FOOD	36,285	-3.2	-2.3	WHEY PROTEIN CONCENTRATE			
DRY WHEY, ANIMAL FEED	2,709	-30.7	1.7	HUMAN FOOD 9/	50,195	29.9	-8.0
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 13/	5,932	8.1	-8.8	ANIMAL FEED 9/	2,402	17.7	-14.2
LACTOSE, HUMAN FOOD & ANIMAL FEED	87,419	33.2	-1.7	TOTAL 9/	52,597	29.2	-8.3
CANNED EVAP & CONDSO WHOLE MILK	(D)	(X)	(X)	25.0-49.9 PERCENT 10/	26,696	26.9	-17.5
DRY BUTTERMILK	13,105	10.8	32.0	50.0-89.9 PERCENT 10/	25,901	31.7	3.6
NONFAT DRY MILK (NDM), HUMAN FOOD	126,726	-13.0	21.4	WHEY PROTEIN ISOLATES 11/	8,476	33.7	-1.9

(D) = Withheld to avoid disclosing data for individual operations.

(X) = Not applicable.

1/ 2012 cumulative as percent change of 2011 cumulative. 2/ Includes Cheddar, Colby, Monterey and Jack. 3/ Mostly used for processing into cream or lowfat cottage cheese. 4/ Fat content 4 percent or more. 5/ Fat content less than 4 percent. 6/ Dry milk protein concentrate, 40-89.9 percent. 7/ Includes protein standardized and blends. 8/ Excludes all modified dry whey products. 9/ Whey protein concentrate, 25.0 to 89.9 percent. 10/ Whey protein concentrate, human and animal. 11/ Whey protein isolates, 90.0 percent or greater. 12/ Stocks held by manufacturers at all points and in transit. 13/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations.

Source: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Dairy Products, January 2013*.

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, DECEMBER

Component Price Information: Under the Federal milk order pricing system, the butterfat price for December 2012 is \$1.7276 per pound. Thus, the Class II butterfat price is \$1.7346. The protein and other solids prices for December are \$3.3113 and \$0.4758 per pound, respectively. These component prices set the Class III skim milk price at \$13.07 per cwt. The December Class IV skim milk price is \$12.21, which is derived from the nonfat solids price of \$1.3569 per pound. **Product Price Averages:** The product price averages for December are: butter \$1.5981, nonfat dry milk \$1.5384, cheese \$1.7925, and dry whey \$0.6610.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT ^{1/2/}						
FEDERAL MILK ORDER MARKETING AREAS ^{3/}	ORDER NUMBER	DECEMBER 2012				JANUARY 2013
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) ^{4/}	001	24.64	18.30	18.66	17.83	22.22
Appalachian (Charlotte) ^{5/ 6/}	005	24.79	18.30	18.66	17.83	22.37
Southeast (Atlanta) ^{6/ 7/}	007	25.19	18.30	18.66	17.83	22.77
Florida (Tampa) ^{6/ 8/}	006	26.79	18.30	18.66	17.83	24.37
Midwest (Cleveland) ^{9/}	033	23.39	18.30	18.66	17.83	20.97
Upper Midwest (Chicago) ^{10/}	030	23.19	18.30	18.66	17.83	20.77
Central (Kansas City) ^{11/}	032	23.39	18.30	18.66	17.83	20.97
Southwest (Dallas) ^{12/}	126	24.39	18.30	18.66	17.83	21.97
Arizona (Phoenix)	131	23.74	18.30	18.66	17.83	21.32
Pacific Northwest (Seattle) ^{13/}	124	23.29	18.30	18.66	17.83	20.87
All-Market Average	---	24.28	18.30	18.66	17.83	21.86

^{1/} To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63 - the approximate number of gallons in 100 pounds of milk.
^{2/} Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.
^{3/} Names in parentheses are the major city in the principal pricing point of the market.
^{4/} Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25.
^{5/} Class I prices at other cities are: Knoxville, minus \$0.20 and Louisville, minus \$1.10.
^{6/} Effective May 1, 2008, the Class I price surface in these orders were temporarily adjusted.
^{7/} Class I prices at other cities are: New Orleans, same; Memphis, minus \$0.90; Nashville, minus \$0.90; and Springfield, MO, minus \$1.40.
^{8/} Class I prices at other cities are: Orlando, same; Miami, plus \$0.60; and Jacksonville, minus \$0.40.
^{9/} Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.
^{10/} Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.
^{11/} Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55.
^{12/} Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75.
^{13/} Class I prices at other cities are: Portland, same; and Spokane, same.

**ANNOUNCED COOPERATIVE CLASS I PRICES FOR SELECTED CITIES IN FEDERAL MILK ORDERS,
JANUARY 2013 WITH COMPARISONS 1/**

For January 2013, the all-city average announced cooperative Class I price was \$24.07 per cwt., \$2.46 higher than the Federal milk order (FMO) Class I price average for these cities. The January 2013 Cooperative Class I price was \$2.36 lower than the December 2012 price. The January 2013 Federal order Class I price was \$2.40 lower than the December 2012 price. On an individual city basis, the difference between the Federal order and announced cooperative Class I price ranged from \$0.52 in Phoenix, AZ, to \$4.21 in Miami, FL. For January 2012, the all-city average announced cooperative Class I price was \$23.93, \$2.49 higher than the Federal order Class I price average for these cities. Note: For most cities, the Announced Cooperative Class I Price now includes premiums paid for milk produced without rBST.

City	JANUARY 2013		
	Announced Cooperative Class I Price	Federal Milk Order Class I Price	Difference
	Dollars per hundredweight, 3.5% butterfat		
Atlanta, GA	26.07	22.77	3.30
Baltimore, MD	23.64	21.97	1.67
Boston, MA	24.02	22.22	1.80
Charlotte, NC	25.74	22.37	3.37
Chicago, IL	24.57	20.77	3.80
Cincinnati, OH	24.08	21.17	2.91
Cleveland, OH	23.88	20.97	2.91
Dallas, TX	22.72	21.97	0.75
Denver, CO	22.95	21.52	1.43
Des Moines, IA	23.52	20.77	2.75
Detroit, MI	23.65	20.77	2.88
Hartford, CT	23.92	22.12	1.80
Houston, TX	23.97	22.57	1.40
Indianapolis, IN	23.88	20.97	2.91
Kansas City, MO	23.21	20.97	2.24
Louisville, KY	24.44	21.27	3.17
Memphis, TN	25.04	21.87	3.17
Miami, FL	29.18	24.97	4.21
Milwaukee, WI	24.52	20.72	3.80
Minneapolis, MN	23.23	20.67	2.56
New Orleans, LA	24.93	22.77	2.16
Oklahoma City, OK	23.71	21.57	2.14
Omaha, NE	23.27	20.82	2.45
Philadelphia, PA	24.85	22.02	2.83
Phoenix, AZ	21.84	21.32	0.52
Pittsburgh, PA	24.50	21.07	3.43
St. Louis, MO	23.36	20.97	2.39
Seattle, WA	21.71	20.87	0.84
Springfield, MO	24.01	21.37	2.64
Washington, DC	23.64	21.97	1.67
Wichita, KS	23.11	21.17	1.94
Simple Average	24.07	21.61	2.46

1/ This table contains information from the Class I price announcements sent by the major cooperatives in each city market to all handlers who buy milk from them. These over-order prices include charges for various services performed by the cooperative. In some instances, these over-order prices may not include all credits that may be allowed. These prices have not been verified as having been actually paid by handlers.

Report Contact: Randal Stoker, Dairy Marketing Specialist, at: randal.stoker@usda.gov or 202-690-1932.

**OVER-ORDER CHARGES ON PRODUCER MILK, BY CLASS OF UTILIZATION,
BY FEDERAL MILK ORDER MARKETING AREA, OCTOBER 2012 1/**

For October 2012, the all reporting areas combined average over-order charge on producer milk used in Class I was \$2.12 per cwt., up \$0.07 from the September 2012 average. Ninety-one percent of the producer milk used in Class I carried an over-order charge. On an individual order basis, Class I over-order charges ranged from \$0.80 in the Pacific Northwest to \$2.98 in the Florida and the Appalachian Orders. For producer milk used in Class II, the all reporting areas combined average over-order charge was \$1.28 per cwt., up \$0.06 per cwt. from the September 2012 average. Eighty-four percent of the producer milk used in Class II carried an over-order charge.

Federal Milk Order Marketing Area 2/	Order Number	Weighted Average of Over-Order Charges Spread Over Total Class I Milk 1/	Weighted Average of Over-Order Charges Spread Over Total Class II Milk 1/
		\$/cwt	
Appalachian	5	2.98	1.35
Florida	6	2.98	0.45
Southeast	7	2.73	2.22
Upper Midwest	30	2.01	0.97
Central	32	1.97	1.03
Mideast	33	1.89	1.55
Pacific Northwest	124	0.80	0.64
All Reporting Areas Combined 3/		2.12	1.28

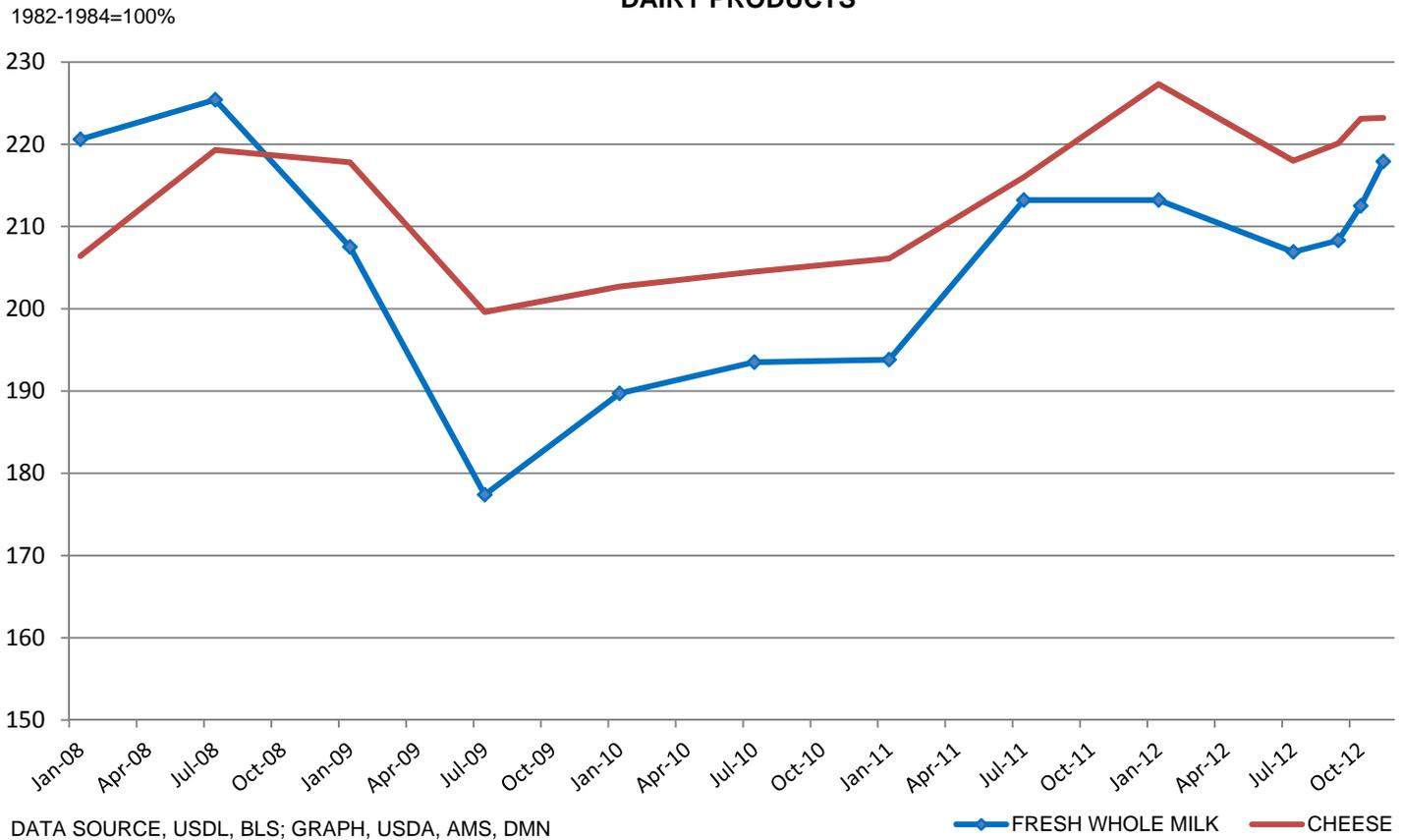
1/ Figures are weighted averages of all the over-order charges applicable to any volume of milk used in the respective class spread over 100 percent of the producer milk used in that class. Includes some producer milk for which there was no over-order charge.

2/ Information is available for all Federal milk marketing areas except the Northeast and Southwest. See 3/.

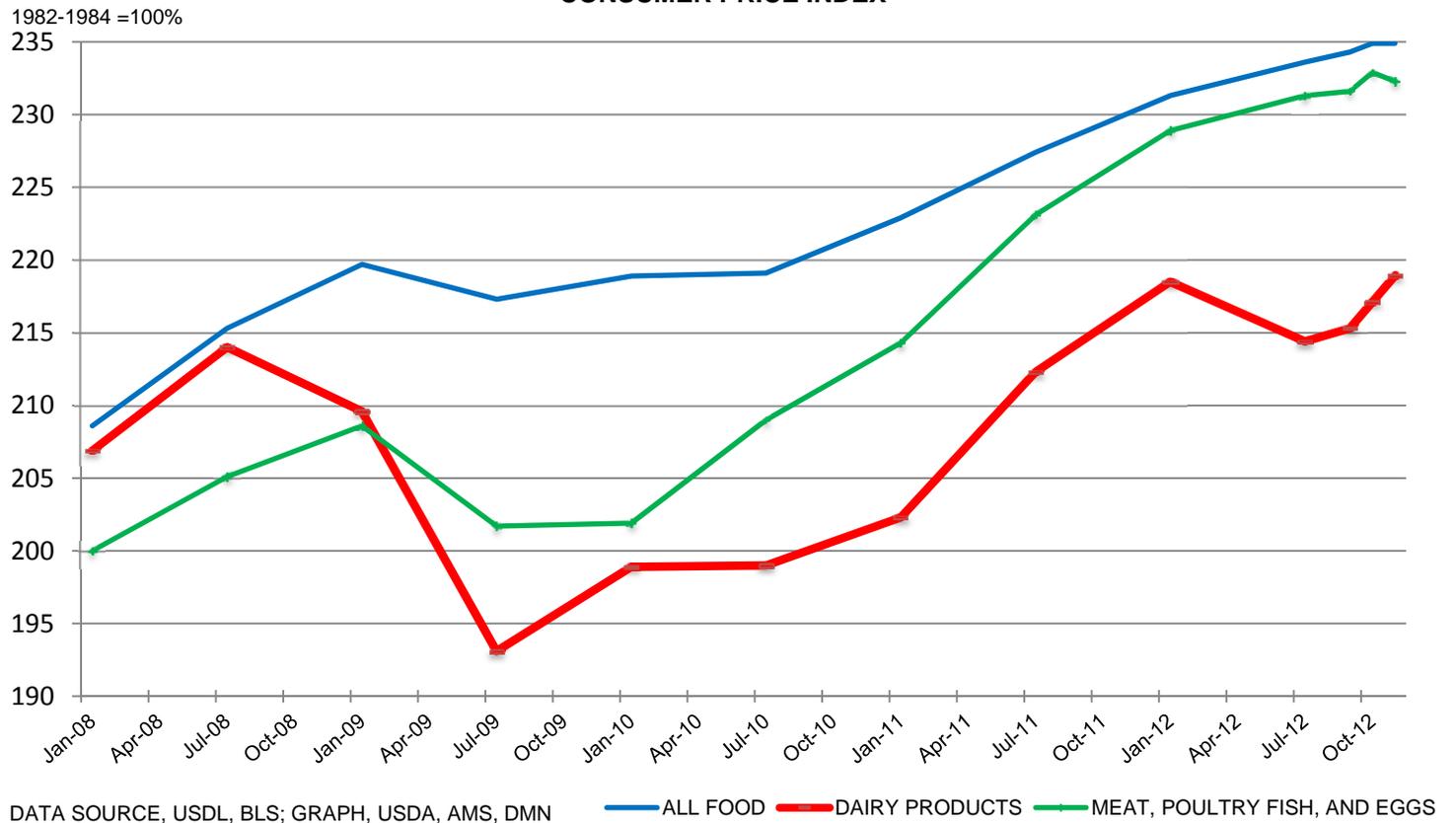
3/ Figures are weighted averages of the available individual marketing area data; includes information for the Arizona order which is administratively confidential.

Report Contact: Randal Stoker, randal.stoker@usda.gov or 202-690-1932

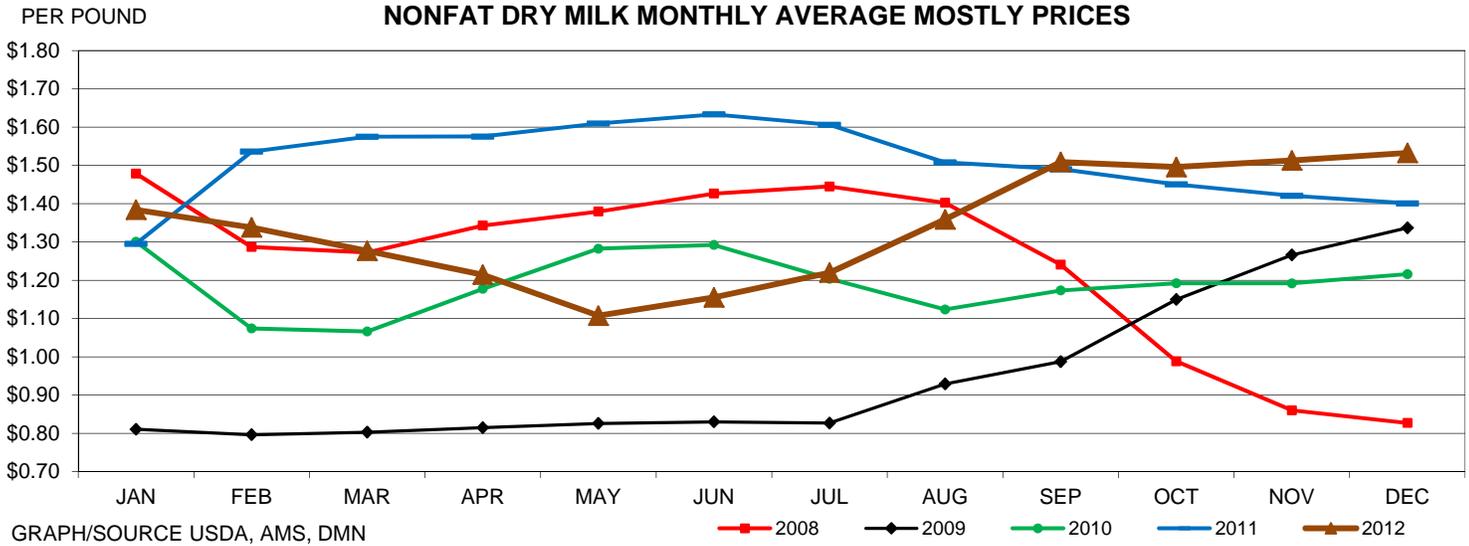
CONSUMER PRICE INDEX DAIRY PRODUCTS



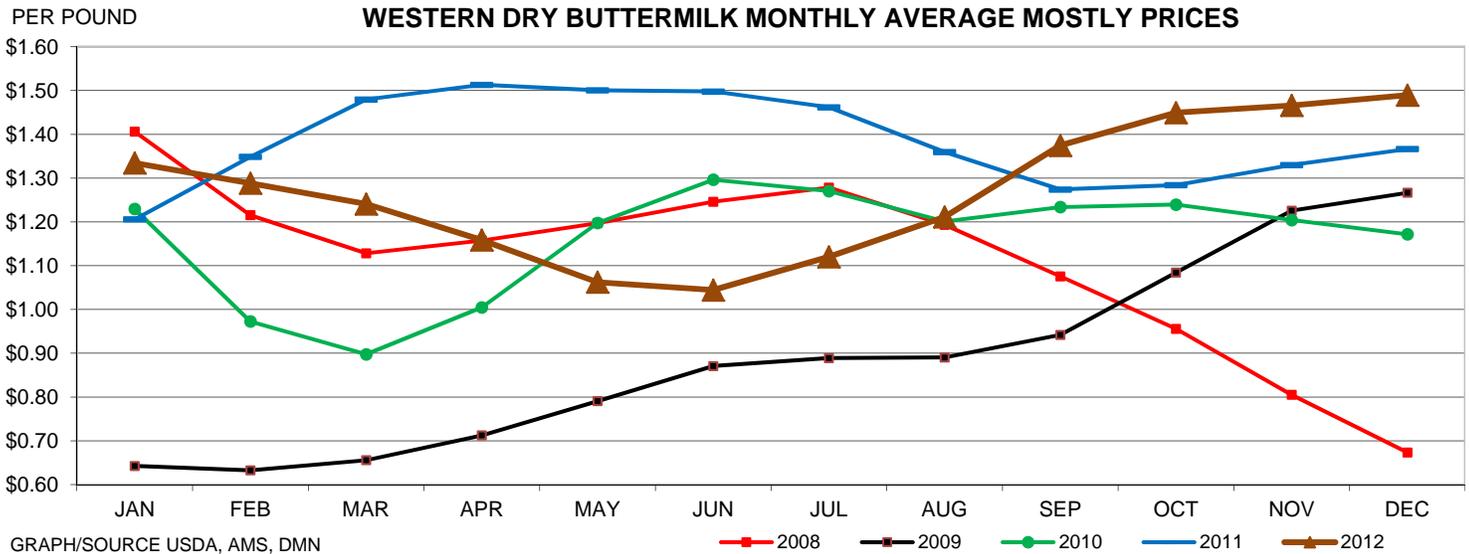
CONSUMER PRICE INDEX



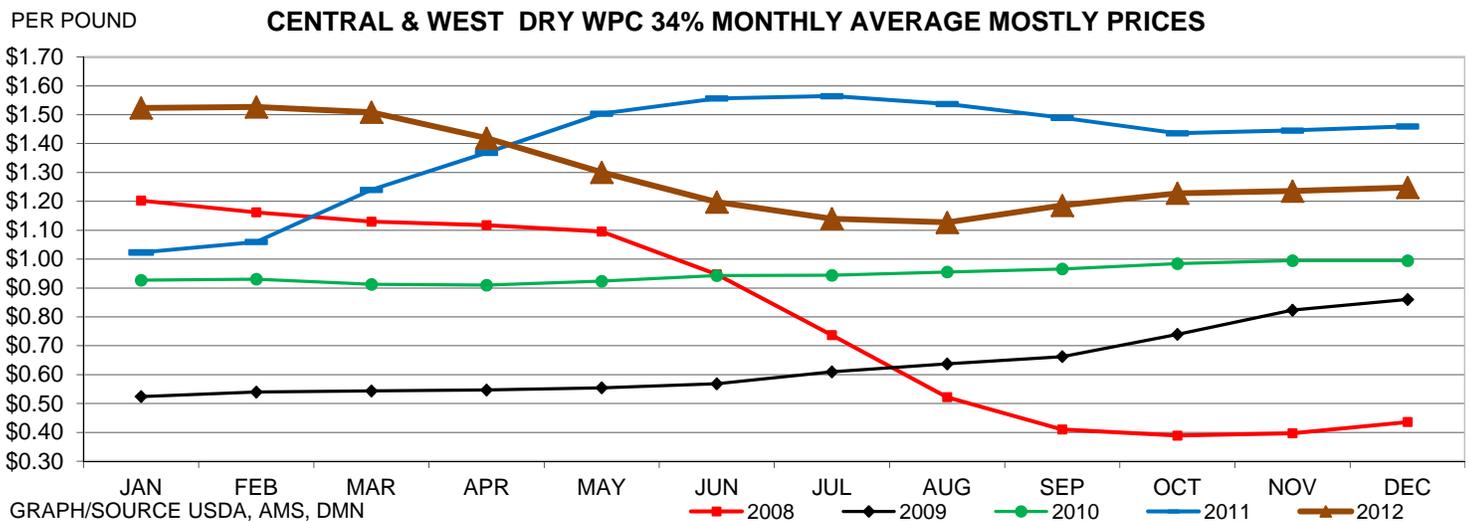
**WESTERN LOW/MEDIUM HEAT
NONFAT DRY MILK MONTHLY AVERAGE MOSTLY PRICES**



WESTERN DRY BUTTERMILK MONTHLY AVERAGE MOSTLY PRICES



CENTRAL & WEST DRY WPC 34% MONTHLY AVERAGE MOSTLY PRICES



DAIRY MARKET NEWS

GENERAL NUMBER
(608) 278-4200

VOLUME: 80

REPORT: 01

Elizabeth Frederick
(608) 278-4150
Elizabeth.Frederick@AMS.USDA.GOV

DATE: 01/04/2013

EAST

Rick Whipp
(608) 278-4151
Rick.Whipp@AMS.USDA.GOV

INTERNATIONAL

Butch Speth
(608) 278-4154
Butch.Speth@AMS.USDA.GOV

CENTRAL/WEST

Janet Linder
(608) 278-4157
Janet.Linder@AMS.USDA.GOV

ORGANIC

Eric Graf
(608) 278-4153
Eric.Graf@AMS.USDA.GOV

SOUTHWEST

Butch Speth
(608) 278-4152
Butch.Speth@AMS.USDA.GOV

INTERNET ADDRESS

www.ams.usda.gov/DairyMarketNews

NORTHWEST/MOUNTAIN

Bob Hunter
(608) 278-4158
Robert.Hunter@AMS.USDA.GOV

MARKET NEWS PORTAL

www.marketnews.usda.gov

NATIONAL SUPERVISOR

Donald Nelson
(608) 278-4156
DonaldO.Nelson@AMS.USDA.GOV

RECORDED INFORMATION SYSTEM

(608) 278-4142

FAX

(608) 278-4141

USDA, Dairy Market News
2920 Marketplace Drive, STE 202
Fitchburg, WI 53719-5337